CERTIFICATE FOR ORDER

THE STATE OF TEXAS §
§
COUNTY OF FORT BEND §

We, the undersigned officers of the Commissioners Court (the "Court") of Fort Bend County, Texas (the "County"), do 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 12th day of January, 2016, 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 AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF FORT BEND COUNTY, TEXAS SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016; APPROVING A THIRD SUPPLEMENT TO THE TOLL ROAD SENIOR LIEN 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 2016 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 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: 5

NOES: 0

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.

[Signature Page Follows]

SIGNED AND SEALED the 12th day of January, 2016.

Laura Richard
County Clerk
Fort Bend County, Texas

Robert E. Hebert
County Judge
Fort Bend County, Texas

(SEAL)



ORDER AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF FORT BEND COUNTY, TEXAS SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016; APPROVING A THIRD SUPPLEMENT TO THE TOLL ROAD SENIOR LIEN 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 2016 BONDS; AUTHORIZING AND APPROVING 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, Fort Bend County, Texas, acting through its Commissioners Court (the "County"), is authorized pursuant to and in accordance with the provisions of Chapter 284, Texas Transportation Code, as amended (the "Act"), among other things to:

(1) construct, acquire, improve, operate, maintain, or pool a project exclusively in the county, in the county and outside the county or in one or more adjacent counties;

(2) issue tax bonds, revenue bonds, or combination tax and revenue bonds to pay the cost of the construction, acquisition, or improvement of a project; or

(3) impose tolls or charges as otherwise authorized by the Act;

WHEREAS, the Act defines a "Project" in part as, a causeway, bridge, tunnel, turnpike, highway, ferry, or any combination of those facilities, including:

(1) a necessary overpass, underpass, interchange, entrance plaza, toll house, service station, approach, fixture, and accessory and necessary equipment that has been designated as part of the project by order of a county;

(2) necessary administration, storage, and other buildings that has been designated as part of the project by order of a county; and

(3) all property rights, easements, and related interests acquired.

WHEREAS, the Act provides:

If bonds issued pursuant to the Act are payable in whole or in part from project revenue, the county shall impose tolls and charges that are, together with other money or revenues available for the project, including ad valorem tax, sufficient to:

(1) pay the maintenance and operating expenses of the project;

(2) pay the principal of, premium of, if any, and interest on the bonds when due;

(3) establish a reserve for payment of bond principal, premium, and interest; and

(4) establish an adequate fund for project depreciation and replacement.

WHEREAS, the County has previously issued its (1) Senior Lien Toll Road Revenue Bonds, Series 2012 pursuant to the Senior Lien Toll Road Revenue Bond Trust Indenture dated as of May 15, 2012 (the "Indenture") and the First Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated as of May 15, 2012 (the "First Supplemental Indenture"), and (2) Senior Lien Toll Road Revenue Bonds, Series 2014 pursuant to the Indenture and the Second Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated as of December 1, 2014 (the "Second Supplemental Indenture") each between the County and Wells Fargo Bank, N.A., as trustee (the "Trustee");

WHEREAS, the County has determined to issue its Senior Lien Toll Road Revenue Bonds, Series 2016 (the "Series 2016 Bonds") pursuant to the Indenture and the Third Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated as of February 1, 2016 (the "Third Supplemental Indenture") between the County and the Trustee (the Indenture, the Second Supplemental Indenture, and the Third Supplemental Indenture are referred to herein collectively as the "Senior Lien Indenture");

WHEREAS, capitalized terms used in this Order and not otherwise defined shall have the meaning given to such terms in the Senior Lien Indenture;

WHEREAS, the proceeds of the Series 2016 Bonds will be applied for the purposes set forth in the Third Supplemental Indenture, which include paying Costs of the Project Segment (collectively, the "2016 Project") and the costs and expenses arising in connection with their issuance;

WHEREAS, the County hereby finds and determines that the 2016 Project is necessary and useful in connection with Westpark Tollway, and the 2016 Project constitutes and is hereby designated as part of the Project;

WHEREAS, the 2016 Project is identified as constituting individual Project Segments in the Third Supplemental Indenture;

WHEREAS, the County has further determined to enter into a Bond Purchase Agreement, as of the date hereof (the "Bond Purchase Agreement"), related to the Series 2016 Bonds with Raymond James & Associates, Inc., as senior manager for a syndicate of underwriters (the "Underwriters"), setting forth certain terms and conditions upon which the Underwriters will purchase the Series 2016 Bonds from the County and the County will sell the Series 2016 Bonds to the Underwriters;

WHEREAS, the Commissioners Court of the County has been presented with, has considered and desires to ratify and approve the use in the public offering of the Series 2016 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 2016 Bonds;

WHEREAS, the Commissioners Court of the County confirms its obligation under the Indenture to levy ad valorem taxes within the limits prescribed by law, to pay the operation costs of the Project and for such other purposes as required by the Indenture, if necessary;

WHEREAS, the Commissioners Court of the County desires to ratify certain other actions heretofore taken with respect to the Series 2016 Bonds and the 2016 Project;

WHEREAS, the Commissioners Court of the County has examined the Third Supplemental Indenture, the Bond Purchase Agreement, and the Preliminary Official Statement, all of which are attached to and comprise a part of this Order, 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 2016 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 ORDERED, ADJUDGED AND DECREED BY THE COMMISSIONERS COURT OF FORT BEND COUNTY, TEXAS:

ARTICLE I.

THE SERIES 2016 BONDS

Section 1.1. Sale, Execution, and Delivery of the Series 2016 Bonds. That the issuance of the Series 2016 Bonds is hereby authorized, under and in accordance with the Senior Lien Indenture, and that, upon execution and delivery of the Third Supplemental Indenture, the officers of the County are each hereby authorized to execute, attest, and affix the County's seal to the Series 2016 Bonds and to deliver the Series 2016 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 2016 Bonds to the Underwriters pursuant to the Bond Purchase Agreement.

Section 1.2. Approval, Execution, and Delivery of Indenture. That the Third Supplemental Indenture attached as **Exhibit "A"** is hereby approved and the officers of the County are each hereby authorized to execute, attest, and affix the County's seal to the Third Supplemental Indenture, and to deliver the Indenture and Third 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 2016 Bonds to the Underwriters is hereby approved and the officers of the County are each hereby authorized to execute, attest, and affix the County'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 United States Securities and Exchange Commission, except for the omission of no more than the information permitted by 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, attached hereto as **Exhibit "C,"** together with such additions, deletions and modifications as shall be necessary and desirable or consistent with the terms of this Order and the Senior Lien Indenture, is hereby authorized; that the officers of the County 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 County Judge of the County.

Section 1.5. Engagement of Professionals. The County hereby approves the engagement of (1) Bracewell & Giuliani LLP, as Bond Counsel to the County, a copy of such engagement letter is attached hereto at **Exhibit "D"** and (2) Andrews Kurth LLP, as Disclosure Counsel to the County, a copy of such engagement letter is attached hereto at **Exhibit "E,"** and confirms the prior engagement of First Southwest Company, as Financial Advisor to the County, in connection with the issuance and sale of the Bonds

Section 1.6. Approval of Requests for Rating from Rating Agencies. That the action of the County Judge and the County's consultants in seeking ratings from Moody's Investors Service, Inc. and Fitch Ratings, Inc. is hereby ratified and confirmed.

ARTICLE II.

MAINTENANCE TAX

That a special fund, designated as FORT BEND COUNTY, TEXAS SENIOR LIEN TOLL ROAD REVENUE BOND MAINTENANCE TAX FUND (the "Tax Fund"), has been created under the Indenture, and the proceeds from all taxes levied, assessed and collected for and on account of the Series 2016 Bonds shall be credited to the Tax Fund. While the Series 2016 Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the County shall in each year levy, assess and collect an annual maintenance tax on all taxable property within the County fully sufficient in each such year (taking into account delinquencies and costs of collection) to produce maintenance tax revenues which shall be sufficient to (a) pay as they become due all Project Expenses, as defined in the Indenture, for which there are insufficient available Revenues, as defined in the Indenture, or (b) produce maintenance tax revenues for the Project equal to the amounts budgeted for such purpose in such year by the County, whichever is greater. In determining each year the rate at which such tax should be levied in order to be sufficient to pay the aforesaid interest and provide for the aforesaid principal payments, the County may consider the availability of other funds available for such purpose as provided in the Indenture, as amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, Third Supplemental Indenture, and any other supplemental indenture.

ARTICLE III.

MISCELLANEOUS PROVISIONS

Section 3.1. Ratifying Other Actions. That all other actions, heretofore or hereafter taken, by the Commissioners Court of the County, the County Judge, the County Attorney, the County Treasurer, the County Auditor, the Commissioners Court Coordinator, the Director of Financial Services for the County, the Fort Bend County Toll Road Authority and its consultants and the other County officials in connection with the issuance of the Series 2016 Bonds are hereby ratified and confirmed.

Section 3.2. Authorization for Certain Other Actions. That the above named County officials are hereby authorized to take such other actions as may be necessary to meet with bond rating agencies, bond insurers and prospective bond purchasers so as to achieve the most favorable terms for the sale of the Series 2016 Bonds and to attend the closing for the Series 2016 Bonds, and to incur expenses for travel, meals, and lodging in connection therewith.

Section 3.3. Execution and Delivery of Other Documents. That the officers of the County are each hereby authorized to execute, attest, and affix the County'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 Commissioners Court of the County with Bracewell & Giuliani 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 Order, the Senior Lien Indenture, and the Bond Purchase Agreement.

Section 3.4. 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 Order for all purposes.

Exhibit "A" - Third Supplemental Indenture

Exhibit "B" - Bond Purchase Agreement

Exhibit "C" - Preliminary Official Statement

Exhibit "D" - Engagement Letter (Bracewell & Giuliani LLP)

Exhibit "E" - Engagement Letter (Andrews Kurth LLP)

Section 3.5. Power to Revise Form of Documents. That, notwithstanding any other provision of this Order, the officers of the County are each hereby authorized to make or approve

such revisions, additions, deletions, and variations to this Order and in the form of the documents attached hereto as exhibits as in the judgment of the County Judge, and in the opinion of Bond Counsel to the County, may be necessary or convenient to carry out or assist in carrying out the purposes of this Order, the Senior Lien Indenture, the Bond Purchase Agreement, the Preliminary Official Statement, the final Official Statement, or as may be required for approval of the Series 2016 Bonds by the Attorney General of Texas, by any rating agency as a condition to the granting of a rating on the Series 2016 Bonds or by a bond insurance company for the issuance of a bond insurance policy guaranteeing the scheduled payment of debt service on the Series 2016 Bonds; provided, however, that any changes to such documents resulting in substantive amendments to the terms and conditions of the Series 2016 Bonds or such documents shall be confirmed by the Commissioners Court of the County.

Section 3.6. Application of Bond Proceeds. That the proceeds of the Series 2016 Bonds shall be applied for the purposes set forth in the Third Supplemental Indenture.

Section 3.7. Effective Date. That this Order shall be in full force and effect from and upon its adoption.

Section 3.8. Notice of Meeting. That written notice of the date, hour and place of such meeting of the Commissioners Court of the County and of the subject of the Order 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 Order 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 12th day of January, 2016.

FORT BEND COUNTY, TEXAS

By: _____
Robert E. Hebert
County Judge
Fort Bend County, Texas

ATTEST:

By: _____
Laura Richard,
County Clerk and Ex Officio Clerk of the
Commissioners Court Fort Bend County, Texas

(SEAL)

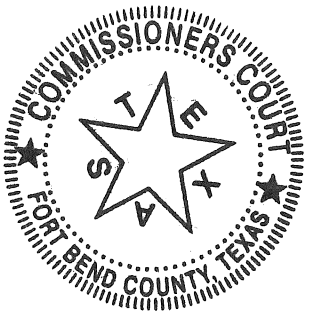


EXHIBIT A

THIRD SUPPLEMENTAL INDENTURE

THIRD SUPPLEMENTAL
SENIOR LIEN TOLL ROAD REVENUE BOND TRUST INDENTURE

BETWEEN

FORT BEND COUNTY, TEXAS

AND

WELLS FARGO BANK, N.A., Trustee

AUTHORIZING

$64,440,000 FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016

Dated as of February 1, 2016

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THIRD SUPPLEMENTAL
SENIOR LIEN TOLL ROAD REVENUE BOND TRUST INDENTURE

AUTHORIZING

$64,440,000 FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016

THIS THIRD SUPPLEMENTAL SENIOR LIEN TOLL ROAD REVENUE BOND TRUST INDENTURE, dated as of the 1st day of February, 2016 (this "Third Supplemental Indenture"), is made by and between FORT BEND COUNTY, TEXAS (the "County"), a body politic and corporate and political subdivision of the State of Texas duly created, 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 Senior Lien Toll Road Revenue Bond Trust Indenture, dated as of May 15, 2012 (the "Indenture"), a First Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture, dated as of May 15, 2012 (the "First Supplemental Indenture") and a Second Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture, dated as of December 1, 2014 (the "Second Supplemental Indenture"), each between the County and the Trustee; and

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

WHEREAS, when the County issues each Series of Bonds under the Indenture it must adopt a Supplemental Indenture providing for the terms and conditions of each such Series of Bonds; and

WHEREAS, pursuant to the Indenture, Chapters 1201 and 1371 of the Texas Government Code, as amended, and Chapter 284 of the Texas Transportation Code, as amended, the County has determined to issue a Series of Bonds under the Indenture (the "Series 2016 Bonds") to provide additional funds for the payment of Costs of the Series 2016 Project and to pay Costs of Issuance, and desires to enter into this Third Supplemental Indenture for such purpose;

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Series 2016 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 County 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 2016 Bonds, as follows:

ARTICLE I.

DEFINITIONS AND STATUTORY AUTHORITY

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

SECTION 102. Definitions. (a) Except as provided in subsection (b) of this Section, all defined terms contained in the Indenture shall have the same meanings in this Third Supplemental Indenture, including the recitals hereof, as such defined terms are given in Section 1.01 of the Indenture, unless the context shall otherwise require.

(b) As used in this Third Supplemental Indenture, unless the context shall otherwise require, the following terms shall have the following respective meanings with respect to the Series 2016 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.

"Third Supplemental Indenture" shall mean this Third Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture of the County dated as of February 1, 2016 authorizing the Series 2016 Bonds.

"Series 2016 Bonds" shall mean the Bonds of the County of the Series authorized by this Third Supplemental Indenture in the aggregate principal amount of $64,440,000 and herein designated Fort Bend County, Texas Senior Lien Toll Road Revenue Bonds, Series 2016.

(c) As used in this Third Supplemental Indenture the following shall have the following respective meaning but only for the purposes of the Series 2016 Bonds and this Third Supplemental Indenture.

"Authenticating Agent" shall mean the Trustee, Wells Fargo Bank, N.A., or such other bank or trust company or national banking institution as the County may designate from time to time which meets the requirements of Sections 9.02 and 9.13 of the Indenture.

"Blanket Letter of Representation" means the Blanket Issuer Letter of Representations between the County and DTC.

"Comptroller" means the Comptroller of Public Accounts of the State of Texas.

"DTC" means The Depository Trust Company, New York, New York.

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

"Issuance Date" shall mean the date of initial issuance and delivery of the Series 2016 Bonds to the Underwriter, or the representative thereof, against payment therefor.

"Paying Agent" shall mean the Trustee, Wells Fargo Bank, N.A., or such other bank or trust company or national banking institution as the County may designate from time to time which meets the requirements of Sections 9.02 and 9.13 of the Indenture.

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

"Registrar" shall mean the Trustee, Wells Fargo Bank, N.A., or such other bank or trust company or national banking institution as the County may designate from time to time which meets the requirements of Sections 9.02 and 9.13 of the Indenture.

"Underwriter" shall mean, collectively, Raymond James & Associates, Inc., Siebert Brandford Shank & Co., L.L.C. and Mesirow Financial, Inc.

(d) Articles and sections referred to by number shall mean the articles and sections of this Third Supplemental Indenture.

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

ARTICLE II.

AUTHORIZATION AND ISSUANCE OF SERIES 2016 BONDS, GENERAL TERMS AND PROVISIONS OF THE SERIES 2016 BONDS

SECTION 201. Name, Amount, Purpose, Authorization.

The Series 2016 Bonds, to be known and designated as FORT BEND COUNTY, TEXAS SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016, shall be issued in fully registered form, without coupons, in the aggregate principal amount of $64,440,000. The Series 2016 Bonds shall be issued for the purpose of paying the Costs of the Series 2016 Project and paying the Costs of Issuance for the Series 2016 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 2016 Bonds shall be dated February 1, 2016 and shall mature on March 1 in the years and in the amounts set forth below and shall bear interest from the later of the Issuance Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the rates set forth below payable on each September 1 and March 1 commencing on September 1, 2016. The Series 2016 Bonds shall initially be evidenced by an initial Series 2016 Bond registered by the Comptroller (the "Initial Bond") numbered IB-1 and thereafter by definitive Series 2016 Bonds numbered in sequence beginning with R-1. Definitive Series 2016 Bonds delivered on transfer of or in exchange for the Initial Bond 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 2016 Bonds in lieu of which they are delivered. Interest on the Series 2016 Bonds at such rates as shown below shall be payable in the manner provided in the FORM OF BOND set forth in Exhibit A to this Third Supplemental Indenture.

Maturity (March 1)	Principal Amount	Interest Rate	Maturity (March 1)	Principal Amount	Interest Rate
2019	$250,000	2.000%	2029	$1,985,000	5.000%
2020	500,000	2.000	2030	2,060,000	5.000
2021	750,000	2.000	2031	2,210,000	5.000
2022	1,000,000	5.000	2032	2,340,000	5.000
2023	1,250,000	5.000	2033	2,455,000	5.000
2024	1,285,000	5.000	2034	2,585,000	5.000
2025	1,605,000	5.000	2035	2,715,000	5.000
2026	1,685,000	5.000	2036	2,855,000	5.000
2027	1,775,000	5.000	2041	16,620,000	5.000
2028	1,875,000	5.000	2045	16,640,000	5.000

(b) Except as provided below, no Series 2016 Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Third 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 County, 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 2016 Bonds, payable in stated installments to the Underwriter or its designee, executed by manual or facsimile signature of the County Judge, the County Clerk and the County Treasurer, approved by the Attorney General of the State of Texas, 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 Series 2016 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 2016 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, 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; Funding of Debt Service Reserve Fund Participant Account. Simultaneously with the delivery of the Series 2016 Bonds, a portion of the proceeds thereof shall be deposited to the Series 2016 Construction Fund Account within the Construction Fund held by the County in the amount determined by an Authorized Officer of the County, and the remaining proceeds of the Series 2016 Bonds shall be used to pay the Costs of Issuance thereof.

The Series 2016 Bonds are designated as a Debt Service Reserve Fund Participant under the terms of the Indenture. Upon the delivery of the Series 2016 Bonds, the County shall cause to be deposited $4,592,000, from lawfully available funds of the County not constituting proceeds of the Series 2016 Bonds, to the Debt Service Reserve Fund Participant Account of the Debt Service Reserve Fund held by the Trustee, which amount satisfies the requirements set forth in the definition of "Debt Service Reserve Fund Requirement" in the Indenture, with respect to the Series 2016 Bonds.

Any amounts in the Debt Service Reserve Fund Participant Account in excess of the Debt Service Reserve Fund Requirement not constituting Bond proceeds shall be transferred by the Trustee to such other Fund or Account at the written direction of an Authorized Officer of the County.

SECTION 204. Manner of Payment, Characteristics, Execution and Authentication. The Series 2016 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 Third Supplemental Indenture.

SECTION 205. Legends. The Series 2016 Bonds may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Third 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 County prior to the authentication and delivery thereof.

SECTION 206. Book-Entry-Only System. (a) Notwithstanding any provision of the Indenture or this Third Supplemental Indenture to the contrary, unless the County shall otherwise direct, all Series 2016 Bonds issued hereunder shall be registered in the name of Cede & Co., as nominee of DTC, as the Registered Owner of the Series 2016 Bonds, and held in the custody of DTC.

(b) With respect to Series 2016 Bonds registered in the name of Cede & Co., as nominee of DTC, the County, the 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 2016 Bonds, except as provided in this Third Supplemental Indenture. Without limiting the immediately preceding sentence, the County, the 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 2016 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 2016 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 2016 Bonds. Notwithstanding any other provision of this Third Supplemental Indenture to the contrary, the County and the Trustee shall be entitled to treat and consider the person in whose name each Series 2016 Bond is registered in the Register as the absolute Owner of such Series 2016 Bond for the purpose of payment of principal of and interest on the Series 2016 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 2016 Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Series 2016 Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Third Supplemental Indenture 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 County's obligations with respect to payments of principal, premium, if any, and interest on the Series 2016 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 2016 Bond certificate evidencing the obligation of the County to make payments of amounts due pursuant to this Third 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 Third 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 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 County 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 2016 Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Series 2016 Bonds and transfer one or more separate Series 2016 Bonds to DTC Participants having Series 2016 Bonds credited to their DTC accounts, as identified by DTC. In such event, the Series 2016 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 2016 Bonds shall designate, in accordance with the provisions of this Third Supplemental Indenture.

SECTION 208. Payments to Cede & Co. Notwithstanding any other provision of this Third Supplemental Indenture to the contrary, so long as any Series 2016 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 2016 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 2016 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:

(a) All redemption notices shall be sent by the Trustee and must contain the information required by the Indenture and any conditions to such redemption.

(b) Redemption notices must be sent by the Trustee to all registered Owners of the Series 2016 Bonds to be redeemed at least 30 days and no more than 60 days prior to the redemption date.

If less than all the Series 2016 Bonds within the same stated maturity are called for redemption, the particular Series 2016 Bonds or portion of Series 2016 Bonds to be redeemed will be selected by lot by the Trustee or such other random method as the Trustee in its discretion may deem proper; provided, however, that the portion of any Series 2016 Bonds to be redeemed will be in authorized denominations and that, in selecting Series 2016 Bonds for redemption, the Trustee will treat each Series 2016 Bond as representing that number of Series 2016 Bonds which is obtained by dividing the amount of such Series 2016 Bond by $5,000.

If it is determined that one or more, but not all, of the $5,000 units represented by any such Series 2016 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 2016 Bond will forthwith surrender such Series 2016 Bond to the Paying Agent or the Registrar for (i) payment of the redemption price (including the redemption premium, if any, 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 2016 Bond or Series 2016 Bonds of the aggregate amount of the unredeemed balance of such Series 2016 Bond, and such new Series 2016 Bond or Series 2016 Bonds will be numbered corresponding to the numbers of the $5,000 units of principal amount not called for redemption. If the registered Owner of such Series 2016 Bond of a denomination greater than $5,000 fails to present such Series 2016 Bond, such Series 2016 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).

(c) The County reserves the right to give notice of its election or direction to redeem Series 2016 Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys or Investment Securities, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (ii) that the County retains the right to rescind such notice at any time prior to the scheduled redemption date if the County delivers a certificate of an Authorized Officer of the County to the Trustee instructing the Trustee to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys or Investment Securities are not so deposited or if the notice is rescinded. The Trustee shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Series 2016 Bonds subject to conditional redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default.

SECTION 210. Appointment of Authenticating Agent, Paying Agent and Registrar. Wells Fargo Bank, N.A. is hereby appointed as the Authenticating Agent, Paying Agent and Registrar to act on behalf of the Trustee for the Series 2016 Bonds. By its execution

hereof Wells Fargo Bank, N.A. hereby accepts the duties and obligations imposed on it as Authenticating Agent, Paying Agent and Registrar by the Indenture and this Third Supplemental Indenture for the Series 2016 Bonds.

The Registrar shall also maintain a copy of the books of registration for the Series 2016 Bonds in the State of Texas at the Registrar's offices in Dallas, Texas, which shall be kept current by the Registrar.

SECTION 211. Construction Fund. There is hereby established as an Account within the Construction Fund the "Series 2016 Construction Fund Account" relating to the Series 2016 Bonds. A portion of the proceeds of the Series 2016 Bonds shall be deposited in the Series 2016 Construction Fund Account as set forth in Section 2.03 hereof. The County hereby confirms that the Construction Fund, including the Series 2016 Construction Fund Account and any other Account heretofore established within the Construction Fund, shall be held by the County, and that the proceeds of the Series 2012 Bonds (as defined in the First Supplemental Indenture) and of the Series 2016 Bonds on deposit in each such Account within the Construction Fund (together with all investments thereof and investment income earned thereon) are pledged as part of the Trust Estate to secure the payment of the Series 2012 Bonds and the Series 2016 Bonds. Amounts on deposit in the Series 2016 Construction Fund Account shall be used in accordance with the terms of Section 5.03 of the Indenture.

SECTION 212. Project Segments. The Costs of the Project to be funded with a portion of the proceeds of the Series 2016 Bonds (the "Series 2016 Project") are generally described as follows: A portion of the Series 2016 Bond proceeds will be used to finance the construction of an extension of the Westpark Tollway from State Highway 99 (also known as the Grand Parkway) to west of Farm to Market Road 723, a distance of 2.628 miles, the right of way acquisition and utility relocation to accommodate this segment as well as future segments of the Westpark Tollway from west of Farm to Market Road 723 to west of Cross Creek Ranch Boulevard , a distance of 3.163 miles.

ARTICLE III.

FEDERAL INCOME TAX EXCLUSION

SECTION 301. Federal Income Tax Covenants. (a) General. The County intends that the interest on the Series 2016 Bonds 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 Treasury Regulations (the "Regulations"). The County covenants and agrees not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, would (i) cause the interest on the Series 2016 Bonds to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes or (ii) result in the violation of or failure to satisfy any provision of sections 103 and 141 through 150 of the Code and the applicable Regulations. In particular, the County covenants and agrees to comply with each requirement of this Section 301; provided, however, that the County will not be required to comply with any particular requirement of this Section 301 if the County has received an opinion of nationally recognized bond counsel ("Counsel's opinion") that (i) such noncompliance will not adversely affect the exclusion from gross income for federal

income tax purposes of interest on the Series 2016 Bonds or (ii) compliance with some other requirement set forth in this Section 301 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 will constitute compliance with the corresponding requirement specified in this Section 301.

(b) No Private Use or Payment and No Private Loan Financing. The County covenants and agrees that it will make such use of the proceeds of the Series 2016 Bonds, including interest or other investment income derived from Series 2016 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 2016 Bonds will not be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder. Moreover, the County will certify, through an authorized officer, employee or agent, based upon all facts and estimates known or reasonably expected to be in existence on the date the Series 2016 Bonds are delivered, that the proceeds of the Series 2016 Bonds will not be used in a manner that would cause the Series 2016 Bonds to be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder.

(c) No Federal Guarantee. The County 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 Series 2016 Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code and the applicable Regulations promulgated thereunder, except as permitted by section 149(b)(3) of the Code and such Regulations.

(d) No Hedge Bonds. The County 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 Series 2016 Bonds to be "hedge bonds" within the meaning of section 149(g) of the Code and the applicable Regulations promulgated thereunder.

(e) No Arbitrage. The County covenants and agrees that it will make such use of the proceeds of the Series 2016 Bonds, including interest or other investment income derived from Series 2016 Bond proceeds, regulate investments of proceeds of the Series 2016 Bonds, and take such other and further action as may be required so that the Series 2016 Bonds will not be "arbitrage bonds" within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder. Moreover, the County will certify, through an authorized officer, employee or agent, based upon all facts and estimates known or reasonably expected to be in existence on the date the Series 2016 Bonds are delivered, that the proceeds of the Series 2016 Bonds will not be used in a manner that would cause the Series 2016 Bonds to be "arbitrage bonds" within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder.

(f) Arbitrage Rebate. If the County 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 County will take all necessary steps to comply with the requirement that certain amounts earned by the County on the investment of the "gross proceeds" of the Series 2016 Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the County will (i) maintain records regarding the investment of the gross proceeds

of the Series 2016 Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Series 2016 Bonds separately from records of amounts on deposit in the funds and accounts of the County allocable to other bond issue of the County or moneys that do not represent gross proceeds of any bonds of the County, (ii) determine at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Series 2016 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 2016 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 County 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 2016 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.

(g) Information Reporting. The County 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 2016 Bonds are issued, an information statement concerning the Series 2016 Bonds, all under and in accordance with section 149(e) of the Code and the applicable Regulations promulgated thereunder.

(h) Record Retention. The County will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Series 2016 Bonds until three years after the last Series 2016 Bond is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the County to retrieve and reproduce such books and records in the event of an examination of the Series 2016 Bonds by the Internal Revenue Service.

(i) Registration. The Series 2016 Bonds will be issued in registered form.

(j) Deliberate Actions. The County will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Series 2016 Bonds to fail to meet any requirement of section 141 of the Code after the issue date of the Series 2016 Bonds unless an appropriate remedial action is permitted by section 1.141-12 of the Regulations and a Favorable Opinion of Bond Counsel is obtained that such remedial action cures any failure to meet the requirements of section 141 of the Code.

(k) Continuing Obligation. Notwithstanding any other provision of this Indenture, the County's obligations under the covenants and provisions of this Section 301 will survive the defeasance and discharge of the Series 2016 Bonds for as long as such matters are relevant to the exclusion from gross income of interest on the Series 2016 Bonds for federal income tax purposes.

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 County of the general type included in the final official statement prepared in connection with the issuance of the Series 2016 Bonds under Tables numbered 1 through 5 and in Appendices A and B of such 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 County shall provide annually to EMMA, within six months after the end of each fiscal year of the County ending in or after 2014, Annual Financial Information and Operating Data. 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 principles and (2) 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 the audit of such financial statements is not complete within such period, then the County shall provide unaudited financial information and operating data which is customarily prepared by the County 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 County changes its fiscal year, the County will notify EMMA 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 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 or filed with the SEC.

SECTION 403. Event Notices. The County shall notify EMMA, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Series 2016 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 Series 2016 Bonds, or other events affecting the tax-exempt status of the Series 2016 Bonds;

G. Modifications to rights of holders of the Series 2016 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 2016 Bonds, if Material;

K. Rating changes;

L. Bankruptcy, insolvency, receivership or similar event of the County or other obligated person within the meaning of the Rule;

M. Consummation of a merger, consolidation, or acquisition involving the County or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the County 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.

For purposes of the event identified in paragraph L above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person within the meaning of the Rule 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 obligated person within the meaning of the Rule, 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 obligated person within the meaning of the Rule.

The County shall notify EMMA, in a timely manner, of any failure by the County to provide financial information or operating data in accordance with Section 402 by the time required by such Section.

SECTION 404. Limitations, Disclaimers, and Amendments. The County shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the County remains an "obligated person" with respect to the Series 2016 Bonds within the meaning of the Rule, except that the County in any event will give the notice required by Section 403 of any Series 2016 Bond calls and defeasances that cause the County 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 2016 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 County 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 County'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 County does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Series 2016 Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE COUNTY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY SERIES 2016 BOND 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 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 County in observing or performing its obligation under this Article shall constitute a breach of or default under this Third Supplemental Indenture or the Indenture for purposes of any other provision of this Third Supplemental Indenture or the Indenture.

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

The provisions of this Article 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 Article, as so amended, would have permitted an underwriter to purchase or

sell Series 2016 Bonds in the original primary offering of such 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 Third Supplemental Indenture or the Indenture that authorizes such an amendment) of the Outstanding Series 2016 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 Owners and beneficial owners of the Series 2016 Bonds. If the County 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 County 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, but in either case only if and to the extent that its right to do so would not prevent an underwriter from lawfully purchasing or selling Series 2016 Bonds in the primary offering of the Series 2016 Bonds.

ARTICLE V.

COVENANTS AND MISCELLANEOUS PROVISIONS

SECTION 501. Notice. Any notice, demand, direction, request, or other instrument authorized or required by this Third Supplemental Indenture to be given to or filed with the County 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 County: Fort Bend County, Texas
County Administration Building
309 S. Fourth, Suite 719
Richmond, Texas 77469
Attn: County Judge

If to Trustee: Wells Fargo Bank, N.A.
Attn: Corporate, Municipal and Escrow Solutions
750 N. St. Paul Place, Suite 1750
Dallas, Texas 75201

SECTION 502. No Recourse on Series 2016 Bonds. No recourse shall be had for payment of the principal of or interest on the Series 2016 Bonds or for any claim based thereon or on this Third Supplemental Indenture or the Indenture against the County Judge or any Commissioner or officer of the County or any person executing the Series 2016 Bonds and neither the County Judge or any Commissioner or officer of the County nor any person executing the Series 2016 Bonds of the County shall be liable personally on the Series 2016 Bonds by reason of the issuance thereof.

SECTION 503. Execution in Several Counterparts. This Third 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 Pages Follow]

IN WITNESS WHEREOF, the County and the Trustee have caused this Third Supplemental 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 COUNTY, TEXAS

By:_____
Robert E. Hebert
County Judge

ATTEST:

By:_____
Laura Richard
County Clerk

(SEAL)

WELLS FARGO BANK, N.A., Trustee

By:_____
Name: _____
Title: _____

EXHIBIT A

FORM OF BOND

(a) Form of Series 2016 Bond.

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF FORT BEND

REGISTERED NUMBER _____

REGISTERED DENOMINATION
$_____

FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016

INTEREST RATE: MATURITY DATE: ISSUANCE DATE: CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:_____DOLLARS

Fort Bend County, Texas (the "County"), a body politic and corporate and political subdivision of the State of 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 Issuance Date, 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 September 1, 2016, and semiannually thereafter on each March 1 and September 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. In the event of nonpayment of interest on a scheduled interest payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," 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 Owner of a Series 2016 Bond appearing on the Register at the close business on the last Business Day preceding the date of mailing of such notice.

THIS BOND IS ONE OF A SERIES OF BONDS designated "Fort Bend County, Texas, Senior Lien Toll Road Revenue Bonds, Series 2016" (herein called the "Series 2016 Bonds"), dated as of February 1, 2016, aggregating $64,440,000, issued for the purpose of paying Costs of the Series 2016 Project which is part of the Project (as defined in the hereinafter defined Original

Indenture), including but not limited to, all necessary overpasses, underpasses, interchanges, entrance plazas, toll houses, service stations, approaches, fixtures, accessories, equipment, and administration, storage and all other necessary buildings, together with all property rights, easements, and interests acquired in connection therewith, and all other costs related to such facilities, under and pursuant to Chapters 1201 and Chapter 1371, Texas Government Code, as amended, and Chapter 284, Texas Transportation Code, as amended (collectively, the "Act"), and paying the costs of issuing the Series 2016 Bonds. The Series 2016 Bonds are issued under and pursuant to that certain Senior Lien Toll Road Revenue Bond Trust Indenture dated May 15, 2012 (herein called the "Original Indenture"), between the County and Wells Fargo Bank, N.A., as Trustee (together with any successor, the "Trustee"), as supplemented by the First Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated May 15, 2012, between the County and the Trustee (herein called the "First Supplemental Indenture"), as supplemented by the Second Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated December 1, 2014, between the County and the Trustee (herein called the "Second Supplemental Indenture") and as supplemented by the Third Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated February 1, 2016, between the County and the Trustee (herein called the "Third Supplemental Indenture"). The Original Indenture, as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, and as may be further amended and supplemented from time to time, is herein called the "Indenture." To the extent of any conflict between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall govern and control.

THE SERIES 2016 BONDS are payable from and secured by a first lien on and pledge of the Trust Estate as defined and provided in the Indenture. As provided in the Indenture, additional obligations may be issued from time to time pursuant to supplemental indentures in one or more series, in various amounts, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. All obligations 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 COUNTY RESERVES THE RIGHT to redeem the Series 2016 Bonds scheduled to mature on or after March 1, 2026, prior to maturity, in whole or from time to time in part, in integral multiples of $5,000, on March 1, 2025 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 2041 and 2045 (together, 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 2041

Year	Principal Amount
2037	$3,000,000
2038	3,155,000
2039	3,315,000
2040	3,485,000
2041 (maturity)	3,665,000

TERM BONDS MATURING IN THE YEAR 2045

Year	Principal Amount
2042	$3,855,000
2043	4,050,000
2044	4,260,000
2045 (maturity)	4,475,000

ON OR BEFORE thirty (30) days prior to each redemption date set forth above, the Registrar shall (i) determine the principal amount of such Term Bond that must be mandatorily redeemed on such redemption date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such redemption date, and (iii) give notice of such redemption as provided in the Indenture. The principal amount of any Term Bond to be mandatorily redeemed on such redemption date shall be reduced by the principal amount of such Term Bond which, by the 45th day prior to such redemption date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the County to the Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

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 2016 Bond to be redeemed in whole or in part at the address shown on the books of registration kept by the Registrar. When Series 2016 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 Minneapolis, Minnesota, 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 Minneapolis, Minnesota, 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 REGISTERED OWNER of this Bond shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

THE COUNTY 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; and 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.

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 County Judge, countersigned with the manual or facsimile signature of the County Clerk, registered by the manual or facsimile signature of the County Treasurer, and the official seal of the County has been duly impressed, or placed in facsimile, on this Bond.

_____
County Judge

COUNTERSIGNED:

REGISTERED:

_____
County Clerk

_____
County Treasurer

(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 _____.

(SEAL)

_____
Comptroller of Public Accounts of the State of Texas

(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:_____ _____

Signature Guaranteed:

_____ _____

_____ _____

Registered Owner

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program.

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

EXHIBIT B

BOND PURCHASE AGREEMENT

FORT BEND COUNTY, TEXAS

$64,440,000
SENIOR LIEN TOLL ROAD REVENUE BONDS
SERIES 2016

BOND PURCHASE AGREEMENT

January 12, 2016

Fort Bend County, Texas
c/o Fort Bend County Commissioners Court
301 Jackson Street
Richmond, Texas 77469

Ladies and Gentlemen:

The undersigned, Raymond James & Associates, Inc. (the "*Representative*"), acting on its own behalf and on behalf of the other underwriters listed on **Schedule I** hereto (collectively, the "*Underwriters*"), and not acting as a fiduciary or agent for Fort Bend County, Texas (the "*Issuer*"), offers to enter into this Bond Purchase Agreement (this "*Agreement*") with the Issuer with respect to its $64,440,000 Fort Bend County, Texas Senior Lien Toll Road Revenue Bonds, Series 2016 (the "*Bonds*"), which, upon acceptance of this offer by the Issuer, shall be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Central Time, on the date set out above, 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. The Underwriters have authorized the Representative to execute this Agreement and act on their behalf with respect to matters described in this Agreement. Terms used herein, unless otherwise defined, have the meanings set forth in the Indenture (as defined herein), except as otherwise indicated herein.

1. **Background and Purpose.**

(a) The Bonds are being issued under and pursuant to Chapters 1201 and 1371, Texas Government Code, and Chapter 284, Texas Transportation Code (collectively, the "*Act*"), an order (the "*Order*") adopted by the Commissioners Court (the "*Governing Body*") of the Issuer on the date hereof, a Senior Lien Toll Road Revenue Bond Trust Indenture dated as of May 15, 2012 (the "*Original Indenture*"), as supplemented and amended by a Third Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated as of February 1, 2016 (the "*Third Supplemental Indenture*" and, together with the Original Indenture, the "*Indenture*"), both between the Issuer and Wells Fargo Bank, N.A., as Trustee.

(b) The Bonds are being issued for the purposes of paying the Costs of the Project and paying the Costs of Issuance for the Bonds.

(c) The Bonds, together with the Issuer's outstanding Toll Road Senior Lien Bonds and any additional senior lien toll road revenue obligations issued or incurred pursuant to the Indenture, are special obligations of the Issuer secured by and payable solely from a first lien on and pledge of the Trust Estate established under the Indenture.

2. **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 Bonds. The Issuer acknowledges 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: (a) the Underwriters have acted at arm's length, are acting solely as principals for their own account and are not agents of or advisors to, and owe no fiduciary duties to, the Issuer or any other person, (b) the Underwriters' duties and obligations to the Issuer shall be limited to those contractual duties and obligations set forth in this Agreement, (c) the Underwriters may have interests that differ from those of the Issuer and (d) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

The Bonds shall be issued in the principal amounts, shall have the maturities, shall be subject to the redemption provisions (if any) and shall bear interest at the interest rates per annum as set forth on Exhibit A hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the Indenture.

The purchase price for the Bonds shall be $74,344,606.25 (representing the $64,440,000 original principal amount of the Bonds, plus an original premium of $10,335,411.85 and less an underwriting discount of $430,805.60).

Delivered to the Issuer herewith is a corporate check of the Representative payable to the order of the Issuer in the amount of one percent of the par amount of the Bonds. Such check is a "Good Faith" check for the Bonds, and such check may be applied toward any obligation of the Underwriters owing as a result of the failure of the Underwriters to accept delivery of the Bonds as provided herein. The Issuer agrees to hold such check uncashed until the Closing (as defined herein) to ensure the performance by the Underwriters of their obligation to purchase, accept delivery of and pay for the Bonds at the Closing. Concurrently with the payment by the Underwriters of the purchase price of the Bonds, the Issuer shall return such check to the Representative. If the Issuer fails to deliver the Bonds at the Closing, or if the Issuer is unable to satisfy the conditions to 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 Representative), or if such obligations of the Underwriters are terminated for any reason permitted by this Agreement, such check shall immediately be returned to the Representative. In the event 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 Issuer shall become entitled to cash or negotiate such check, and the proceeds thereof shall be retained by the Issuer as and for full liquidated

damages for such failure of the Underwriters and for any defaults hereunder on the part of the Underwriters. The Representative hereby agrees not to stop payment on said check, or cause payment on said check to be stopped, unless the Issuer has breached any of the terms of this Agreement.

3. **Public Offering**. The Underwriters agree to make a bona fide public offering of all the Bonds at prices not in excess of the initial offering prices set forth in the Official Statement; provided, however, that the Underwriters may change such initial offering 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 prices 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. On or before Closing, the Representative shall execute an Issue Price Certificate for the Bonds, in the form prepared by Bracewell & Giuliani LLP ("*Bond Counsel*") and acceptable to the Representative verifying the initial offering prices to the public.

4. **The Official Statement.**

(a) The Issuer previously has delivered or caused to be delivered copies of the Preliminary Official Statement dated December 29, 2015, relating to the Bonds (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 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) a final official statement 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 with only such changes as have been approved in advance by the Representative and (4) in both a "designated electronic format" consistent with the requirements of Rule G-32 and in a printed format. Such final Official Statement, including the cover page thereto, all exhibits, schedules, 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 format, as described above) as the Representative reasonably deems 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 hereby represents and warrants that the Preliminary Official Statement was "deemed final" by the Issuer as of its date for purposes of the Rule, except for the omission of such information that is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(l) of the Rule.

(c) The Issuer represents that it has reviewed and approved the information in the Official Statement and the Issuer hereby authorizes the distribution and use of 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 seven (7) business days after the Issuer's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement (i) in a "designated electronic format" consistent with the requirements of Rule G-32 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) ninety (90) days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than twenty-five (25) days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event that 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, in light of the circumstances under which they were made, 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), a reasonable number of 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, in light of the circumstances under which they were made, 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 in 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 or with respect to the information provided by the Underwriters and contained in "OTHER INFORMATION – Underwriting" of the Preliminary Official Statement and the Official Statement. 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 reasonably deem 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 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 agrees to timely file the Official Statement with the MSRB through its Electronic Municipal Market Access ("*EMMA*") system on or before the date of the Closing. 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.

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

(a) The Issuer is duly created, organized and existing as a body politic and corporate and political subdivision of the State of Texas (the "*State*") under the Constitution and laws of the State. The Issuer is authorized to (i) issue the Bonds; (ii) fund the Debt Service Reserve Fund Requirement for the Bonds; (iii) pay the costs of issuance related thereto; and (iv) secure the Bonds in the manner described in the Order and the Indenture.

(b) The Issuer has full legal right, power and authority, and at the date of the Closing will have full legal right, power and authority to: (i) enter into, execute and deliver this Agreement and the Indenture (which contains the Undertaking defined in Section 7(h)(4) hereof), and all documents required hereunder and thereunder to be executed and delivered by the Issuer, and adopt the Order (this Agreement, the Order, the Indenture and the Undertaking are hereinafter referred to as the "*Issuer Documents*"); (ii) sell, issue and deliver the Bonds to the Underwriters as provided herein; and (iii) carry out and consummate the transactions described in the Issuer Documents and the Official Statement, and the Issuer has complied, and at the Closing will be in compliance in all respects, with the terms of the Act and the Issuer Documents as they pertain to such transaction.

(c) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized (i) the adoption of the Order and the issuance and sale of the Bonds on the terms set forth herein and in the Indenture; (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 approval, execution, distribution and use of 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.

(d) This Agreement, when duly executed and delivered by the Representative, 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 or by general principles of equity that permit the exercise of

discretion; the other Issuer Documents, when duly executed and delivered by the other parties thereto, will constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective 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 or by general principles of equity that permit the exercise of discretion; the Bonds, when issued, delivered and paid for, in accordance with the Indenture and this Agreement, will constitute legal, valid and binding special obligations of the Issuer entitled to the benefits of the Indenture and enforceable in accordance with their 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 or by general principles of equity that permit the exercise of discretion; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Indenture will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Indenture.

(e) To its knowledge, 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 the Issuer Documents or other instrument to which the Issuer is a party relating to the Revenues pledged to the payment of the Bonds, and no event that would have a material and adverse effect upon the collection of Revenues has occurred and is continuing that 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 Order 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 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 is or to which the Revenues 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 the Revenues, except as provided by the Bonds and the Indenture.

(f) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters that are required for the due authorization, 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 or will be obtained prior to the Closing, except for the approval of the Bonds by the Attorney General of the State of Texas and the registration of the Bonds by the Comptroller of Public Accounts of the State of Texas. The Issuer makes no representation or warranty as to any state securities laws or Blue Sky law except that the Issuer will cooperate with the Underwriters at their written request and expense as set forth in paragraph (m) of this Section 5.

(g) The Bonds and the Indenture conform to the descriptions thereof contained in the Official Statement under the captions "THE BONDS," "SECURITY AND SOURCE OF PAYMENT" and "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE"; 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 Undertaking conforms to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION."

(h) 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, the collection of the Revenues pledged to the payment of principal of and interest on the Bonds pursuant to the Indenture; (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 Order or the execution and delivery of the Issuer Documents, nor, to the knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents.

(i) As of the date thereof, the Preliminary Official Statement did 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.

(j) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 4 of this Agreement) at all times subsequent thereto during the period up to and including the twenty-fifth (25th) day subsequent to the "end of the underwriting period," the Official Statement does not and 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.

(k) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 4 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 twenty-fifth (25th) day subsequent to the "end of the underwriting period," the Official Statement as so supplemented or amended 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, in light of the circumstances under which they were made, not misleading.

(l) 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 Indenture.

(m) 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, at no expense to the Issuer, (i) to (A) 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 Underwriters may designate and (B) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (ii) 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.

(n) The financial statements of, and other financial information regarding, the Issuer and the Authority in the Official Statement fairly present the financial position and results of the Issuer and the Authority as of the dates and for the periods therein set forth, and there has been no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer or the Authority since the dates of such information.

(o) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or take any action to incur any material liabilities (except in the ordinary course of business), direct or contingent, payable from or secured by the Trust Estate without the prior approval of the Representative, such approval not to be unreasonably withheld.

(p) 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.

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

(r) 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 sole purpose of obtaining a rating for the Bonds.

(s) On or prior to the date hereof, the Issuer has delivered to the Representative a certificate stating that it has received a properly completed, executed and notarized Texas Ethics Commission Form 1295 ("Form 1295") from each of the Underwriters, Trustee, Bond Counsel and Disclosure Counsel and, if the Issuer has not done so as of the date hereof, covenants to timely acknowledge receipt of such Form 1295's with the Texas Ethics Commission.

Additionally, the Issuer will certify that it has received and timely acknowledged receipt of such Form 1295's in its General Certificate submitted to the Attorney General of Texas in connection with his approval of the Obligations.

6. **Closing**. At 10:00 a.m., Central time, on February 9, 2016, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative, the Issuer, subject to the terms and conditions hereof, will deliver to the Representative the initial Bonds 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 Representative, subject to the terms and conditions hereof, will accept such delivery and pay the purchase price of the Bonds, as set forth in Section 2 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 Trustee, or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

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 Indenture, 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.

7. **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, 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 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 Order, the Indenture and the Bonds shall have been duly executed, delivered and authenticated, as applicable, and shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement

shall have been duly delivered and shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; (ii) the net proceeds of the sale of the Bonds and any funds to be provided by the Issuer shall be deposited and applied as described in the Official Statement and in the Indenture; and (iii) all actions of the Issuer required to be taken by the Issuer at or prior to the Closing shall be performed in order for Bond Counsel, Special Disclosure Counsel to the Issuer and Co-Counsel to the Underwriters to deliver their respective opinions referred to hereafter.

(d) At the time of the Closing, all official actions 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 agreed to by the Representative.

(e) At or prior to the Closing, the Order and the Indenture shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered and the Authenticating Agent shall have duly authenticated the definitive Bonds.

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

(g) 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, Special Disclosure Counsel to the Issuer and Co-Counsel to the Underwriters.

(h) 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;

(2) The Order, having been duly adopted by the Issuer and being in full force and effect, and with such supplements or amendments as may have been agreed to by the Representative;

(3) The Indenture, having been duly executed by the Issuer and being in full force and effect, with such supplements or amendments as may have been agreed to by the Representative;

(4) The continuing disclosure undertaking (the "*Undertaking*") of the Issuer satisfying the requirements of section (b)(5)(i) of the Rule, which Undertaking is included in the Third Supplemental Indenture;

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

(6) The approving opinion of Bond Counsel with 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 Bonds are exempted securities under 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 Order or the Indenture under the Trust Indenture Act; and

(ii) the information relating to the Bonds and the Indenture contained in the Official Statement appearing under the captions or subcaptions "THE BONDS" (exclusive of the subcaptions "Book-Entry-Only System," and "Enforceability of Remedies"), "SECURITY AND SOURCE OF PAYMENT," "CONTINUING DISCLOSURE OF INFORMATION" and "OTHER INFORMATION – Legal Matters" (except for the third and fourth paragraphs of such subheading), and in "APPENDIX C – GLOSSARY OF TERMS" and "APPENDIX D – SUMMARY OF CERTAIN PROVISION OF THE MASTER INDENTURE" is a fair and accurate summary of the information purported to be shown therein, and the information under the captions "TAX MATTERS" and "OTHER INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas" is correct as to matters of law and fairly and accurately presents the information therein;

(8) An opinion of Andrews Kurth LLP, Special Disclosure Counsel to the Issuer, dated as of the date of the Closing, and addressed to the Issuer, in a form acceptable to the Issuer;

(9) An opinion of The Muller Law Group, PLLC, General Counsel to the Issuer, dated as of the date of the Closing, and addressed to the Issuer, in a form acceptable to the Issuer;

(10) An opinion of the County Attorney of Fort Bend County, Texas, dated as of the date of the Closing, and addressed to the Issuer, in a form acceptable to the Issuer;

(11) An opinion of Haynes and Boone, LLP and Levi Benton and Associates PLLC, Co-Counsel to the Underwriters, dated as of the date of the Closing, and addressed to the Underwriters, in a form acceptable to the Representative;

(12) A certificate, dated the date of Closing, signed by an authorized official of the Issuer to the effect that (i) the Issuer has duly performed all of its obligations to be performed and satisfied all conditions on its part to be satisfied at or prior to the Closing and each of the representations and warranties of the Issuer contained herein is true and correct at and as of the Closing, with the same effect as if made on the date of Closing; (ii) the Issuer has authorized, by all necessary action, the execution and delivery or

receipt and due performance of the Bonds, the Issuer Documents, the Official Statement and any and all such other agreements and documents as may be required to be executed and delivered or received by the Issuer in order to carry out, give effect to and consummate the transactions described in this Agreement and the Official Statement, and the Governing Body of the Issuer has authorized, by all necessary action, the adoption of the Order; (iii) except as described in the Official Statement, no litigation is pending or, to the best of the Issuer's knowledge and belief, threatened in any court or before any governmental agency or administrative entity or authority in any way affecting the existence of the Issuer or the titles of the members of the Governing Body of the Issuer or any other officials of the Issuer to their respective positions or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or the collection of Revenues of the Issuer pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way affecting or contesting any authority for or the validity or enforceability of the Bonds or the Issuer Documents or the existence or powers of the Issuer, or contesting in any way the completeness or accuracy of the Official Statement; (iv) the adoption of the Order by the Governing Body of the Issuer and the execution and delivery of the Bonds, the Issuer Documents and the Official Statement, and the compliance by the Issuer with the provisions hereof and thereof, will not conflict with, or constitute on the part of the Issuer a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the Issuer is subject or by which the Issuer or any of the Revenues are subject; (v) the Order has not been amended, modified or repealed and is in full force and effect; (vi) the information set forth in the Official Statement is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (vii) to the best of his or her 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 purposes 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 they were made, not misleading in any material respect;

(13) A certificate of an authorized officer of the Issuer in form and substance satisfactory to Bond Counsel (a) 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 Sections 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, and (b) certifying that to the best of the knowledge and belief of the Issuer there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(14) Evidence in a form acceptable to the Representative that Moody's Investors Service, Inc. and Fitch Ratings, Inc. have assigned ratings of "A2" and "A+,"

respectively, to the Bonds, and that such ratings are in effect as of the date of Closing; and

(15) Such additional legal opinions, certificates, instruments and other documents as the Representative, Bond Counsel, Special Disclosure Counsel to the Issuer or Co-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.

The Underwriters acknowledge receipt of copies of the Third Supplemental Indenture, and have reviewed the Undertaking set forth therein.

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 with regard to the respective obligations of the Issuer and the Underwriters set forth in Sections 9 and 11 hereof shall continue in full force and effect.

8. **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, in the reasonable judgment of the Representative, the market price or marketability of the Bonds shall be materially adversely affected by the occurrence of any of the following events (each a "*Termination Event*"):

(a) 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, a general banking moratorium declared by federal, State of New York or State of Texas officials authorized to do so;

(b) 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, which change shall occur subsequent to the date hereof and shall not be due to the malfeasance, misfeasance or nonfeasance of the Underwriters;

(c) any event occurring, or information (other than information set forth in the Official Statement under "OTHER INFORMATION – Underwriting") 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 a 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, in either such event, 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;

(d) there shall have occurred since the date of this Agreement any materially adverse change in the affairs of the Issuer or the Revenues, except for changes that the Official Statement discloses are expected to occur;

(e) there shall have occurred any (i) new material outbreak of hostilities (including, without limitation, an act of terrorism), (ii) new other material national or international calamity or crisis or (iii) any material adverse change in the financial or economic conditions, in each case affecting the United States, including but not limited to, an escalation of hostilities that existed prior to the date hereof, and the effect of any such event on the financial markets of the United States shall, in the reasonable judgment of the Representative, materially adversely affect the marketability of the Bonds;

(f) there shall have occurred any downgrading, suspension, withdrawal or published negative change in credit watch status or similar published information from a rating agency that at the date of this Agreement has published a rating (or has been asked by the Issuer to furnish a rating) on the Bonds or on any of the Issuer's debt obligations that are secured by a pledge of the Trust Estate on a parity with the Bonds, which action reflects a downgrade or possible downgrade, in the ratings accorded any such obligations of the Issuer (including any rating to be accorded the Bonds);

(g) 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 and such prohibition shall occur subsequent to the date hereof and is not the result of the malfeasance, misfeasance or nonfeasance of the Underwriters;

(h) 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), 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 having jurisdiction of the subject matter 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 event shall have transpired that may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of ownership of the Bonds described herein;

(i) legislation introduced in or enacted (or resolution passed) by the Congress of the United States or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), no-action letter 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 as described herein or by the Official Statement, are not exempt from registration under or other requirements of the federal securities laws, including the 1933 Act, or that the Order and/or the Indenture 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, is or would be in violation of any federal securities laws, including the 1933 Act, the Securities Exchange Act of 1934 and the Trust Indenture Act, as amended and then in effect;

(j) 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; or

(k) 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 collection of the Revenues to pay principal of and interest on the Bonds.

With respect to the conditions described in subsections (b), (g) and (j) above, the Underwriters are not aware of any current, pending or proposed law or government inquiry or investigation as of the date of the execution of this Agreement that would permit the Underwriters to invoke their termination rights hereunder.

Upon the occurrence of a Termination Event and the subsequent termination of this Agreement by the Underwriters, all obligations of the Issuer and the Underwriters under this Agreement shall terminate, without further liability, except that the Issuer and the Underwriters shall pay their respective expenses as set forth in Section 9 hereof.

9. **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 preparing and printing the Bonds; (ii) the costs of obtaining credit ratings; (iii) the fees and disbursements of Bond Counsel, Special Disclosure Counsel to the Issuer and the Financial Advisor to the Issuer; (iv) the fees and disbursements of any other

engineers, accountants, and other experts, consultants or advisers retained by the Issuer; (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 officials 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 that are incident to the transaction described in this Agreement. The Issuer acknowledges that the Underwriters will pay from the Underwriters' expense allocation of the underwriting discount certain expenses incurred by the Underwriters that are incidental to implementing this Agreement and the issuance of the Bonds, including, but not limited to, the applicable per bond assessment charged by the Municipal Advisory Council of Texas, meals, transportation and lodging, if any, and any other miscellaneous closing costs. An employee of the Representative serves on the Board of the Municipal Advisory Council of Texas.

(b) The Underwriters shall pay (i) the cost of preparing and printing 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 them in connection with the public offering of the Bonds, including the fees and disbursements of Co-Counsel to the Underwriters.

10. **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 Fort Bend County, Texas, 301 Jackson Street, Richmond, Texas 77469, Attention: Ed Sturdivant, 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 Raymond James & Associates, Inc., 5847 San Felipe, Suite 4125, Houston, Texas 77057, Attention: Deborah S. Jones.

11. **Parties in Interest**. This Agreement as heretofore specified shall constitute the entire agreement between us 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 or the Representative. 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.

12. **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.

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

14. **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.

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

16. **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.

17. **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.

18. **No Personal Liability.** None of the members of the Governing Body, 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 execution, or because of any breach or attempted or alleged breach, of this Agreement.

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 the Issuer agrees 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 the Issuer 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,

RAYMOND JAMES & ASSOCIATES, INC.,
as Representative of the Underwriters

By: _____

Name: Deborah S. Jones

Title: Managing Director

APPROVED AND ACCEPTED AS OF THE DATE HEREOF at 1:20 p.m.:

FORT BEND COUNTY, TEXAS

By: _____

Name: Robert Hebert

Title: County Judge

SCHEDULE I

UNDERWRITERS

Raymond James & Associates, Inc.
Mesirow Financial, Inc.
Siebert Brandford Shank & Co., L.L.C.

EXHIBIT A

$64,440,000
Fort Bend County, Texas
Senior Lien Toll Road Revenue Bonds
Series 2016

Dated Date: February 1, 2016
(Interest to accrue from Date of Delivery)

Maturity Schedule

Maturity (March 1)	Principal Amount	Interest Rate	Initial Yield*
2019	$ 250,000	2.000%	1.070%
2020	500,000	2.000	1.240
2021	750,000	2.000	1.380
2022	1,000,000	5.000	1.530
2023	1,250,000	5.000	1.730
2024	1,285,000	5.000	1.930
2025	1,605,000	5.000	2.090
2026	1,685,000	5.000	2.230
2027	1,775,000	5.000	2.360
2028	1,875,000	5.000	2.440
2029	1,985,000	5.000	2.540
2030	2,060,000	5.000	2.600
2031	2,210,000	5.000	2.680
2032	2,340,000	5.000	2.770
2033	2,455,000	5.000	2.820
2034	2,585,000	5.000	2.900
2035	2,715,000	5.000	2.950
2036	2,855,000	5.000	3.000

$16,620,000 Term Bond due March 1, 2041; Rate 5.000%; Yield* 3.190%
$16,640,000 Term Bond due March 1, 2045; Rate 5.000%; Yield* 3.240%

*Yield shown is yield to first call date, March 1, 2025.

REDEMPTION PROVISIONS

OPTIONAL REDEMPTION . . . The Bonds maturing on or after March 1, 2026 are subject to redemption, at the option of the Issuer, on March 1, 2025 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

MANDATORY REDEMPTION . . . The Bonds maturing on March 1, in each of the years 2041 and 2045 (together, 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 2041

Redemption Date	Principal Amount
03/01/2037	$ 3,000,000
03/01/2038	3,155,000
03/01/2039	3,315,000
03/01/2040	3,485,000
03/01/2041 (maturity)	3,665,000

TERM BONDS MATURING IN THE YEAR 2045

Redemption Date	Principal Amount
03/01/2042	$ 3,855,000
03/01/2043	4,050,000
03/01/2044	4,260,000
03/01/2045 (maturity)	4,475,000

EXHIBIT C

PRELIMINARY OFFICIAL STATEMENT

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 DECEMBER 29, 2015

Ratings:
Moody's: "A2"
Fitch: "A+"
(See "OTHER INFORMATION—Ratings" herein)

NEW ISSUE - Book-Entry-Only

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND THE BONDS ARE NOT "PRIVATE ACTIVITY BONDS." SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL, INCLUDING A DESCRIPTION OF ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS.

$66,000,000*
FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016

Interest Accrual Date: Date of Delivery **Due: March 1, as shown on inside cover**

The Bonds . . . The $66,000,000* Fort Bend County, Texas Senior Lien Toll Road Revenue Bonds, Series 2016 (the "Bonds"), are being issued by Fort Bend County, Texas (the "County") pursuant to the Constitution and general laws of the State of Texas, including Chapter 284, Texas Transportation Code, Chapters 1201 and 1371, Texas Government Code, an order adopted by the Commissioners Court of the County, a Senior Lien Toll Road Revenue Bond Trust Indenture dated as of May 15, 2012 (the "Master Indenture"), between the County and Wells Fargo Bank, N.A., as trustee (the "Trustee"), as supplemented and amended to date, and a Third Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated as of February 1, 2016, between the County and the Trustee (the "Third Supplemental Indenture" and, together with the Master Indenture, the "Indenture").

Interest on the Bonds will accrue from their Date of Delivery, and will be payable on March 1 and September 1 of each year, commencing September 1, 2016. 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, together with the County's previously issued and outstanding senior lien toll road revenue bonds and any additional senior lien toll road revenue obligations issued or incurred pursuant to the Indenture, are special obligations of the County secured by and payable solely from a first lien on and pledge of the Trust Estate (as defined herein) established under the Indenture. The Trust Estate includes, among other moneys, funds and accounts, all of the County's right, title and interest in and to the Revenues (as defined herein), which Revenues generally include all amounts derived from the ownership and operation of the Project (as defined herein), all as more fully described herein.. **The Bonds do not constitute an indebtedness of the County, the State of Texas, or any political subdivision thereof within the meaning of any constitutional or statutory limitation on indebtedness, but are payable solely from and secured by a first lien upon the Trust Estate. No owner of the Bonds shall ever have the right to demand payment of the Bonds or any interest or premium thereon from any funds raised or to be raised by taxation.** 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, including right-of-way costs and environmental and engineering costs, for additional Project Segments (as defined herein) of the Westpark Tollway, and (ii) 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 are subject to optional redemption by the County 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 County 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 Bracewell & Giuliani LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed on for the Underwriters by Haynes and Boone, LLP, Houston, Texas, and Levi Benton & Associates PLLC, Houston, Texas, Co-Counsel for the Underwriters. Certain legal matters will be passed upon for the County by Roy L. Cordes, Jr., County Attorney, Fort Bend County, Texas and by Andrews Kurth, LLP, Houston, Texas, Special Disclosure Counsel.

Delivery . . . It is expected that the Bonds will be available for delivery through DTC on or about February 9, 2016 ("Date of Delivery").

RAYMOND JAMES

MESIROW FINANCIAL, INC. SIEBERT BRANDFORD SHANK & CO., L.L.C.

* Preliminary; subject to change.

MATURITY SCHEDULE

$66,000,000*
FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016

Maturity Date (March 1)	Principal*	Interest Rate	Yield[1]	CUSIP Number[2]
2019	$ 250,000	%	%	
2020	500,000			
2021	750,000			
2022	1,000,000			
2023	1,250,000			
2024	1,345,000			
2025	1,650,000			
2026[3]	1,725,000			
2027[3]	1,820,000			
2028[3]	1,925,000			
2029[3]	2,035,000			
2030[3]	2,115,000			
2031[3]	2,265,000			
2032[3]	2,395,000			
2033[3]	2,520,000			
2034[3]	2,650,000			
2035[3]	2,785,000			
2036[3]	2,925,000			
2037[3]	3,075,000			
2038[3]	3,235,000			
2039[3]	3,400,000			
2040[3]	3,575,000			
2041[3]	3,755,000			
2042[3]	3,950,000			
2043[3]	4,150,000			
2044[3]	4,365,000			
2045[3]	4,590,000			

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

---

* Preliminary; subject to change.

(1) 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.

(2) 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 County nor the Underwriters shall be responsible for the selection or accuracy of the CUSIP numbers set forth herein.

(3) The County 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."

For the purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this document constitutes an Official Statement of the County with respect to the Bonds that has been deemed "final" by the County as of its date except for the omission of no more than the information permitted by subsection (b) (1) of the Rule.

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 purpose.

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 County 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 County, 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 County or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the County's undertaking to provide certain information on a continuing basis.

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 County. 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.

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Bonds have not been registered or qualified under the Securities Act of the State of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The County assumes no responsibility for the registration or qualification for sale or other disposition of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or 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 or qualification provisions.

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.

None of the County, its Financial Advisor, or 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.

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APPENDIX C – GLOSSARY OF TERMS

APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

APPENDIX E – FORM OF OPINION OF BOND COUNSEL

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 Official Statement Summary from the Official Statement or otherwise to use same without the entire Official Statement.

The County	Fort Bend County, Texas (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 Authority	The Fort Bend County Toll Road Authority (the "Authority"), a non-profit local government corporation established and operating pursuant to Chapters 431 and 284, Texas Transportation Code, was established by the County to assist in the construction, maintenance and operation of the toll roads in the County. The County has designated the Authority as the operating board of the Project (defined herein) pursuant to Chapter 284, Texas Transportation Code. See "THE AUTHORITY."
The Bonds	$66,000,000* Fort Bend County, Texas Senior Lien Toll Road Revenue Bonds, Series 2016. The Bonds 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 Date of Delivery (as defined on the front cover page hereof), at the rates per annum set forth on the inside cover page hereof, which interest is payable September 1, 2016 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."
Authority for Issuance	The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, including Chapter 284, Texas Transportation Code, and Chapters 1201 and 1371, Texas Government Code, the Bond Order of the County, and the Indenture (all as defined herein).
Source of Payment for the Bonds	The Bonds, together with the County's outstanding senior lien toll road revenue bonds and any additional senior lien toll road revenue obligations issued or incurred pursuant to the Indenture, are special obligations of the County secured by and payable solely from a first lien on and pledge of the Trust Estate (as defined herein) established under the Indenture. The Trust Estate includes, among other moneys, funds and accounts, all of the County's right, title and interest in and to the Revenues (as defined herein), which Revenues generally include all amounts derived from the ownership and operation of the Project, all as more fully described herein.
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, including right-of-way costs and environmental and engineering costs, for additional Project Segments (as defined herein) of the Westpark Tollway, and (ii) to pay the costs associated with the issuance of the Bonds. See "PLAN OF FINANCING" and "THE PROJECT."
The Project	The Indenture defines the "Project," in part, as consisting of all of the County's right, title and interest in and to (i) the Fort Bend Parkway and the Westpark Tollway (including any improvements, extensions, and betterments thereto as permitted by the Act (as defined herein)), and (ii) such other project or projects, or interest therein, with which the Project may be pooled pursuant to the Act or other applicable law.
Reserve Fund Requirement	The lesser of (i) the maximum annual debt service on such issue of Bonds or Parity Obligations, (ii) one hundred twenty-five percent (125%) of the average annual debt service on such issue of Bonds or Parity Obligations or (iii) ten percent (10%) of the initial principal amount of such issue of Bonds or Parity Obligations (or sale proceeds in the event that the amount of original issue discount exceeds two percent (2%) multiplied by the stated redemption price at maturity of such issue of Bonds or Parity Obligations).

* Preliminary; subject to change.

Toll Covenant	The County has covenanted in the Indenture that it will at all times fix, charge and collect such tolls for use of the Project as will be required each Fiscal Year to produce Revenues which shall equal at least 1.25 times the Aggregate Debt Service on all Toll Road Senior Lien Revenue Bonds, Parity Notes and other Parity Obligations accruing in such Fiscal Year.
Maintenance Tax Covenant	The County has covenanted that so long as the Bonds and any other Toll Road Senior Lien Revenue Bonds or Parity Obligations are Outstanding, it shall in each year levy, assess, and collect an annual maintenance tax on all taxable property within the County fully sufficient in each year (taking into account delinquencies and costs of collection) to produce revenues sufficient to (i) pay as they become due all Project Expenses for which there are insufficient available Revenues or (ii) produce maintenance tax revenues for the Project equal to the amounts budgeted for such purpose in such year by the County, whichever is greater.
Trustee	The Trustee is Wells Fargo Bank, N.A.
Tax Exemption	In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds are not "private activity bonds." See "TAX MATTERS" for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations.
Book-Entry-Only System	The Bonds are initially issuable only to Cede & Co., the nominee of DTC, pursuant to its book-entry-only system. No physical delivery of Bonds will be made to the beneficial owners. See "THE BONDS—Book-Entry-Only System."
Ratings	The Bonds have been assigned ratings of "A2" by Moody's Investors Service, Inc. ("Moody's") and "A+" by Fitch Ratings, Inc. ("Fitch"). See "OTHER INFORMATION—Ratings" herein.
Payment Record	The County has never defaulted in paying the principal of or interest on any of its debt.

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COUNTY OFFICIALS

Elected Officials

Commissioners Court	Position	Length of Service	Term Expires December 31
Robert Hebert	County Judge	13 Years	2018
Richard Morrison	Commissioner - Precinct 1	7 Years	2016
Grady Prestage	Commissioner - Precinct 2	25 Years	2018
Andy Meyers	Commissioner - Precinct 3	19 Years	2016
James Patterson	Commissioner - Precinct 4	17 Years	2018

Other Elected and Appointed Officials

Name	Position	Length of Service to County
Richard Stolleis	County Engineer	3 Years
Ed Sturdivant	County Auditor	12 Years
Jeff Council	County Treasurer	9 Years
Patsy Schultz	Tax Assessor/Collector	11 Years
Roy Cordes, Jr.	County Attorney	10 Years

FORT BEND COUNTY TOLL ROAD AUTHORITY OFFICIALS

Board of Directors

Name	Position	Length of Service	Term Expires January 22
James D. Condrey, DDS	Chairman	17 Years	2016
Bobbie A. Tallas	Vice Chairman	17 Years	2016
Charles Rencher	Secretary	17 Years	2016
William D. Kee	Treasurer/Assistant Vice Chairman	4 Years	2016
Dean Hrbacek	Assistant Secretary	< 1 Year	2016

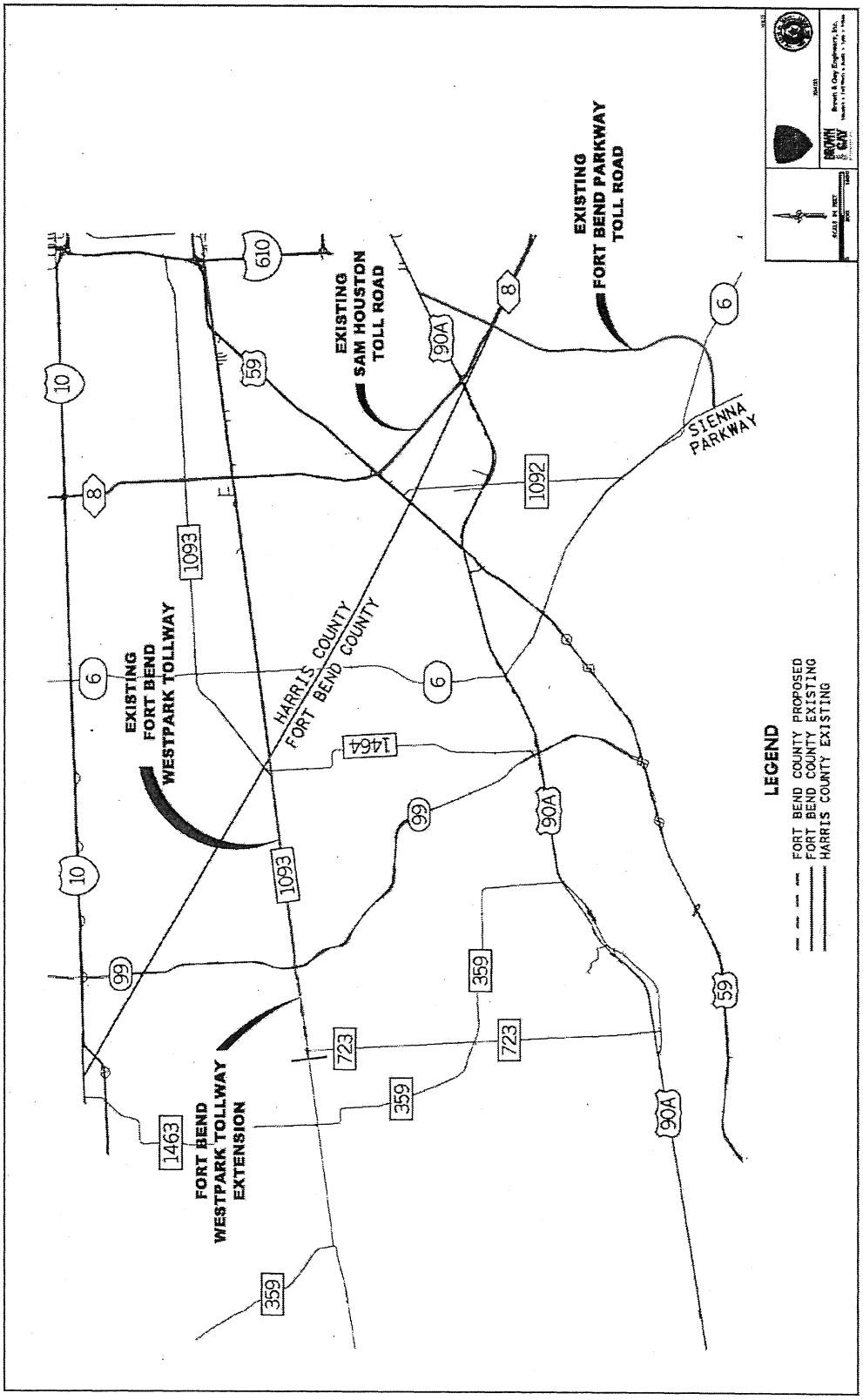
COUNTY CONSULTANTS

Bond Counsel	Bracewell & Giuliani LLP
Special Disclosure Counsel	Andrews Kurth LLP
Financial Advisor	First Southwest Company, LLC

FORT BEND COUNTY TOLL ROAD AUTHORITY CONSULTANTS

General Counsel	The Muller Law Group, PLLC
General Engineering Consultants	Brown & Gay Engineers, Inc.
Operations Consultant	Mike Stone & Associates, Inc.

MAP OF THE PROJECT



PRELIMINARY OFFICIAL STATEMENT

$66,000,000*
FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016

INTRODUCTION

This Official Statement is furnished in connection with the offering by Fort Bend County, Texas (the "County") of its $66,000,000* Fort Bend County, Texas Senior Lien Toll Road Revenue Bonds, Series 2016 (the "Bonds"). The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, including Chapter 284, Texas Transportation Code, Chapters 1201 and 1371, Texas Government Code, an order to be adopted by the Commissioners Court of the County on January 12, 2016 (the "Bond Order"), a Senior Lien Toll Road Revenue Bond Trust Indenture dated as of May 15, 2012 (the "Master Indenture"), between the County and Wells Fargo Bank, N.A., as trustee (the "Trustee"), as amended and supplemented to date, and a Third Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated as of February 1, 2016 (the "Third Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), between the County and the Trustee. All capitalized terms used herein, but not otherwise defined herein, shall have the meanings assigned to them in "APPENDIX C—GLOSSARY OF TERMS" or in the Indenture. A summary of certain provisions of the Master Indenture is included in "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE."

Bonds authorized pursuant to the Indenture, including the Bonds, secured by a first lien on and pledge of the Trust Estate are referred to herein collectively as the "Toll Road Senior Lien Revenue Bonds." The County has previously issued certain Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds (collectively, the "Subordinate Lien Bonds") under a separate indenture, referred to herein as the "2003 Indenture." See "SECURITY AND SOURCE OF PAYMENT—Outstanding Obligations" for the current principal amount of Toll Road Senior Lien Revenue Bonds and Subordinate Lien Bonds.

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

General

The Bonds are being issued for the following purposes: (i) to finance the design, construction, equipment and other miscellaneous costs, including right-of-way costs and environmental and engineering costs, for additional Project Segments of the Westpark Tollway, and (ii) to pay the costs associated with the issuance of the Bonds. The Bonds will finance the construction of an extension of the Westpark Tollway from the Grand Parkway (State Highway 99) to west of FM 723, a distance of 2.628 miles, the right of way acquisition, roadway preparation and drainage and utility relocation to accommodate this segment as well as future segments of the Westpark Tollway from west of FM 723 to west of Cross Creek Ranch Boulevard, a distance of 3.163 miles. See "THE PROJECT."

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* Preliminary; subject to change.

Sources and Uses of Funds

Proceeds from the sale of the Bonds, and other lawfully available funds of the County, are expected to be expended as follows:

Sources:	
Principal Amount of the Bonds	$
Net Premium	
County Contribution	
Total	$
Uses:	
Deposit to Construction Fund	$
Deposit to Debt Service Reserve Fund	
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.

The Bonds will be dated February 1, 2016. Interest on the Bonds will accrue from the Date of Delivery (as defined on the front cover page hereof), and will be payable on March 1 and September 1 of each year, commencing September 1, 2016. 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., the nominee of The Depository Trust Company, New York, New York ("DTC"), 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.

Optional Redemption

The County 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 Trustee shall select the particular Bonds or portions thereof to be redeemed by lot or other random method as the Trustee in its discretion may deem proper.

[Remainder of this page intentionally left blank]

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 thirty (30) days prior to each redemption date set forth above for Term Bonds, the Trustee shall (i) determine the principal amount of Term Bonds of the same maturity that must be mandatorily redeemed on such date, after taking into account deliveries for cancellation and optional redemptions of such Term Bonds as more fully provided above, (ii) select by lot or other customary random method the Term Bonds of such maturity (or portions thereof) to be mandatorily redeemed on such date 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 such Term Bond which, by the 45th day prior to such redemption date, either has been purchased in the open market and delivered or tendered to the Trustee for cancellation or redeemed at the option of the County as described above and which, in either case, 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 County, of the redemption of such Bonds, which notice shall contain the information required by the Indenture and shall be given by mail, postage prepaid, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption to each registered owner of Bonds to be redeemed at its address shown on the registration books kept by the Trustee.

In the Third Supplemental Indenture, the County reserves the right to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys or Investment Securities, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (ii) that the County retains the right to rescind such notice at any time prior to the scheduled redemption date if the County delivers a certificate of an Authorized Officer of the County to the Trustee instructing the Trustee to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys or Investment Securities are not so deposited or if the notice is rescinded. The Trustee shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default.

If on the redemption date moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest thereon to the redemption date, shall be held by the Trustee, and if notice of redemption shall have been given as required by the Indenture, then, from and after the redemption date interest on the Bonds or portions thereof so called for redemption shall cease to accrue.

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 DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and its book-entry-only system has been provided by DTC for use in disclosure documents such as this Official Statement. The County and the Financial Advisor believe the source of such information to be reliable, but neither of the County or the Financial Advisor takes any responsibility for the accuracy or completeness thereof.

The County 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 United States Securities and Exchange Commission (the "SEC"), 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 Trustee 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 District 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 County or the Trustee, 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 Trustee, or the County, 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 County or the Trustee, 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 County or the Trustee. 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 County 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 Indenture will be given only to DTC.

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 Indenture summarized under "THE BONDS—Transfer, Exchange and Registration" below.

Transfer, Exchange and Registration

Beneficial ownership of the Bonds registered in the name of Cede & Co. will initially be transferred as described in "THE BONDS – Book-Entry-Only System." In the event the Bonds are no longer held in book-entry form, the following provisions of the Indenture will apply.

Exchange of Bonds. Bonds upon surrender thereof at the principal corporate trust office of the Trustee, when surrendered with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Owner or the registered Owner's duly authorized attorney, may, at the option of the registered Owner thereof, and upon payment by such registered Owner of any charges which the Trustee, any Registrar, any Authenticating Agent or the County may make as provided below, be exchanged for an equal aggregate principal amount of Bonds of the same maturity and in any authorized denomination.

Transfer of Bonds. Bonds shall be transferable only upon the books of the County, which shall be kept for that purpose at the principal corporate trust office of the Trustee or other duly authorized Registrar for the Bonds by the registered Owner thereof in person or by the registered Owner's attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee or Registrar duly executed by the registered Owner or the registered Owner's duly authorized attorney.

The Trustee shall keep, or cause to be kept, on behalf of the County at the corporate trust office of the Trustee, a register or registers, in which, subject to such reasonable regulations as the County, the Trustee, and the Registrar may prescribe, the County shall cause Bonds to be registered and shall transfer Bonds as provided in the Indenture. Upon the transfer of any Bond and payment of any required fees, the County shall issue in the name of the transferee a new, fully registered Bond of the same aggregate principal amount and maturity as the surrendered bond.

The County, the Trustee, any Paying Agent, any Registrar, and any Authenticating Agent 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 the County, the Trustee, Paying Agent, any Registrar, and any Authenticating Agent shall not be affected by any notice to the contrary.

Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging or transferring Bonds is exercised, the County shall execute and the Trustee or the duly authorized Authenticating Agent shall authenticate and deliver Bonds in accordance with the provisions of the Indenture. All registered Bonds surrendered in any exchanges or transfers shall forthwith be cancelled by the Trustee or the duly authorized Authenticating Agent. For every such transfer of Bonds, whether temporary or definitive, the County, the Trustee, any Registrar, or any Authenticating Agent may make a charge sufficient to reimburse it or them for any expense, 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 County, the Trustee, the Registrar, or the Authenticating Agent may make reasonable charges to cover the charges and costs of printing Bonds including any Trustee's or Authenticating Agent's charges in connection therewith. The payment of the such sum or sums 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. The Trustee shall not be required to transfer or exchange Bonds for a period of fifteen (15) days next preceding the selection of Bonds for redemption or to transfer or exchange any Bonds called for redemption.

Trustee

The Trustee shall be Wells Fargo Bank, N.A. At all times while any Bonds are outstanding, the County 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 County reserves the right to remove and appoint a successor Trustee for the Bonds. Promptly upon the appointment of any successor Trustee, the previous Trustee shall deliver the Register and any money or property subject to the terms and conditions set forth in the Indenture to the new Trustee.

Defeasance

The County reserves the right to defease the Bonds in accordance with the terms of the Indenture and in any manner now or hereafter permitted by law. See "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE."

Events of Default and 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 such 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 County 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 County 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; (e) take over the possession, administration and management of all funds and accounts required to be maintained by the County under the Indenture; or (f) 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. See "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE."

Enforceability of Remedies

Although an Owner presumably could obtain a judgment against the County if a default were to occur in the payment of principal of, premium, if any, or interest on any Bond, such judgment could not be satisfied by foreclosure on the Project or by execution against any property of the County. The Owner's only practical remedy, if a default were to occur, would be a mandamus or mandatory injunction proceeding seeking to compel the County to fix, charge, and collect tolls in accordance with the toll covenant (see "SECURITY AND SOURCE OF PAYMENT —Toll Covenant") and to apply Revenues as required in the Indenture in order to pay principal of, premium, if any, and interest on the Bonds as they come due. The Owner could be required to enforce such remedy on a periodic basis because no provision exists for acceleration of maturity of the Bonds.

The enforcement of, or claim for payment of principal of or interest on the Bonds, including the remedy of mandamus, and the validity of the pledge of and lien on Revenues, would be subject to the applicable provisions of the federal bankruptcy laws and to any other laws limiting or otherwise affecting the rights or remedies of creditors of counties of the State or of political subdivisions generally.

Special Rights of Bond Insurers and Credit Providers

The Indenture provides that any Supplemental Indenture may provide that issuers of Parity Credit Agreements guaranteeing the payment of principal of and interest on any Toll Road Senior Lien Revenue Bonds or Parity Notes 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 Toll Road Senior Lien Revenue Bonds or Parity Notes or any installment of interest thereon or any reduction in the principal amount or redemption price thereof or the rate of interest thereon.

THE COUNTY

The County was organized in 1838 and operates 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 Commissioner 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 Fort Bend County, Texas. The 2010 Census population for the County was 585,375, an increase of 65% over the 2000 population of 354,452. The population for the County as estimated by the United States Census Bureau was 685,345 for 2014. The County covers approximately 886 square miles located in the greater Houston metropolitan area. The City of Richmond is the County seat.

THE AUTHORITY

The Fort Bend County Toll Road Authority (the "Authority") was created by order of the County on January 28, 1997 to aid, assist and act on behalf of the County in the performance of its essential governmental purpose to provide county roads and turnpikes and other transportation-related projects. The Authority is a non-profit local government corporation established and operating under Chapter 431, Texas Transportation Code, and Chapter 284, Texas Transportation Code.

The Authority is governed by a five-member Board of Directors, each of whom is appointed by the Commissioners Court. The Authority may exercise, with regard to the County's toll road projects, the same power and authority as may be exercised by the Commissioners Court. Such powers include eminent domain. The County has designated the Authority as the operating board of the County's toll road system pursuant to Chapter 284, Texas Transportation Code. Commissioners Court approves 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 needed services and reimburses the County for a portion of the salaries of two (2) employees who work on Toll Road matters.

The Authority is responsible for managing the operations and maintenance of the Project (as defined in the Master Indenture), which currently consists of the Fort Bend Parkway Toll Road (the "Fort Bend Parkway") and the Fort Bend Westpark Tollway (the "Westpark Tollway"). The "Project" is defined in the Master Indenture as meaning: all of the County's right, title and interest (whether such interest is fee, easement, leasehold, contractual or otherwise) in and to (i) the Fort Bend Parkway and the Westpark Tollway and (ii) such other project or projects, or interest therein, with which the Project may be pooled pursuant to the Act or other applicable law (each of which shall be a "Pooled Project"). The Fort Bend Parkway and the Westpark Tollway include without limitation all of the following which are necessary or useful in connection therewith: causeways, bridges, tunnels, turnpikes, highways, or any combination of such facilities, and all overpasses, underpasses, interchanges, entrance plazas, toll houses, service stations, approaches, fixtures, accessories, equipment, and administration, storage and all other buildings, together with all property rights, easements and interests acquired in connection therewith, and any other improvements, extensions, and betterments as may now be permitted by the Act.

As described in "PLAN OF FINANCING," a portion of the proceeds of the Bonds will be used to finance certain costs of additional Project Segments of the Westpark Tollway. See "THE PROJECT—Westpark Tollway."

THE PROJECT

General

The existing network of free highways, roads and streets in the greater Houston area is extensive. Nevertheless, for a number of years many major thoroughfares in the area have carried traffic well in excess of their design capacities during commuting hours. In an election held on November 7, 2000, the voters of the County approved using toll roads to alleviate a portion of the County's traffic problems by authorizing the County to issue up to $140 million of bonds secured by a pledge of its unlimited ad valorem tax. This authorization primarily relates to the Fort Bend Parkway and the Westpark Tollway, both of which connect directly to the existing toll road system in Harris County. See "MAP OF THE PROJECT" herein. The County has issued the entire amount of bonds authorized to finance the design and construction of the initial phases of the Fort Bend Parkway and the Westpark Tollway, and consequently the County has no authorized but unissued unlimited tax toll road bonds. The initial phase of the Fort Bend Parkway, from Beltway 8 at the Harris County-Fort Bend County line south to State Highway 6, became operational and started collecting tolls on August 30, 2004. In the spring of 2014, the Fort Bend Parkway was extended by approximately 2 miles, from State Highway 6 to Sienna Parkway. The initial phase of the Westpark Tollway from its connection to the Harris County Westpark Tollway at the Harris County-Fort Bend County line westward to the Grand Parkway (State Highway 99) became operational and started collecting tolls on August 10, 2005.

The Master Indenture permits the County to construct an addition to, or expansion or improvement of the existing Project (each a "Project Segment"). In addition, pursuant to the Indenture and the laws of the State of Texas, the County may pool the Project, in whole or in part, with one or more other toll projects and issue additional Toll Road Senior Lien Revenue Bonds, Parity Notes or other Parity Obligations for all such purposes. See "SECURITY AND SOURCE OF PAYMENT." The individual Project Segments to be funded with a portion of the proceeds of the Bonds are described below.

Fort Bend Parkway

The Fort Bend Parkway connects east Fort Bend County to the Harris County toll road system. The Fort Bend Parkway consists of a 4-lane limited access toll road commencing at the intersection of Hillcroft Avenue and Beltway 8 (the "Sam Houston Parkway"), which is located in east Fort Bend County approximately 12 miles from downtown Houston, Texas. The Sam Houston Parkway is a toll road and the second of two concentric roadways or loops around downtown Houston operated by the Harris County Toll Road Authority ("HCTRA"). From this intersection, the Fort Bend Parkway follows a generally southerly course, a distance of approximately 8 miles, to an intersection with Sienna Parkway. See "MAP OF THE PROJECT" herein.

The Fort Bend Parkway connects to several transportation projects under the control of other governmental agencies. HCTRA constructed a northerly extension of the Fort Bend Parkway, including a grade-separated crossing of the Sam Houston Parkway from the Sam Houston Parkway to U.S. 90A. See "MAP OF THE PROJECT" herein. This project affords users of the Fort Bend Parkway access to southwest Houston and Loop 610 (the inner loop around Houston) and the Texas Medical Center. The Authority's extension of the Fort Bend Parkway in the spring of 2014 was the first southerly extension of the Fort Bend Parkway to its ultimate connection with the Grand Parkway in south Fort Bend County. The extension runs from State Highway 6 to the intersection of Sienna Parkway, a distance of approximately 2 miles, and consists of a 4-lane limited access toll road.

The Authority concluded preliminary route studies and identification of environmental issues associated with the extension of the Fort Bend Parkway from Sienna Parkway to the future extension of the Grand Parkway, Segment C. There is no current schedule for the design or construction of such future extension of the Fort Bend Parkway.

Westpark Tollway

The initial phase of the Westpark Tollway connects directly to and extends the Harris County Westpark Tollway by approximately 6 miles. The combined Westpark Tollway became operational in 2005 and provides a major east-west traffic corridor to west Harris County and north Fort Bend County and provides additional access to Loop 610 (the inner loop around Houston) and the Sam Houston Parkway (the current outer loop around Houston). HCTRA constructed the portion of the tollway from Loop 610 to FM 1464 near the Harris–Fort Bend County line (the "Harris County Westpark Tollway"). The Authority constructed the portion of the tollway from the Harris–Fort Bend County line to the Grand Parkway (State Highway 99). This portion of the corridor is open to traffic as an eight-lane facility, with four exterior lanes (2 lanes in each direction) as free service roads and four interior lanes (2 lanes in each direction) subject to limited access and tolls.

The County is designing and will construct additional Project Segments of the Westpark Tollway, including tolled main lanes and non-tolled frontage roads from State Highway 99 to west of Cross Creek Ranch Boulevard, a distance of approximately 6 miles. A portion of the proceeds of the Bonds will be used to finance the extension of the tolled main lanes of this Project Segment from State Highway 99 to west of FM 723, the right-of-way acquisition and utility relocation to accommodate this Project Segment as well as future Project Segments. Further extensions of the Westpark Tollway will be constructed in future phases when financially feasible. The Costs of the Project Segment for the non-tolled frontage roads will be funded from other sources available to the County, including a Financial Assistance Agreement with the Texas Department of Transportation ("TxDOT") dated December 19, 2011. Construction of this extension of the Westpark Tollway is contingent upon the County obtaining additional rights-of-way. Issuance of additional bonds, if any, for additional Project Segments is subject to the requirements contained in the Indenture. See "SECURITY AND SOURCE OF PAYMENT—Additional Toll Road Senior Lien Revenue Bonds and Parity Notes" and "–Subordinate Lien Revenue Bonds and Bonds for Special Toll Road Projects."

Operation and Maintenance of the Project

The operation and maintenance of the Project is the responsibility of the Authority. Tolls on the Project are collected exclusively using an electronic toll collection system. The Authority does not issue toll tags, but the toll collection system is able to read the electronic toll collection devices issued by other toll entities of the state (to-wit: HCTRA, TxDOT and North Texas Turnpike Authority). These electronic transactions are processed to the tag issuer via a state-wide system. The toll entities collect revenue from their respective customers and remit revenue attributable to the Project to the Authority after deducting a processing fee. The Authority currently contracts with TransCore, LP for processing electronic toll transactions for the Project. The Authority contracts with Xerox State & Local Solutions, Inc. to collect tolls and fines from toll violators.

The Authority contracts with several outside vendors to provide roadside maintenance, trash collection and equipment maintenance. In addition, the Authority contracts with Fort Bend County Constable Precincts 2 and 3 to provide law enforcement on the Fort Bend Parkway and the Westpark Tollway.

Table 1 - Traffic Count Table (unaudited)

	Fiscal Year Ending September 30					
	2010	2011	2012	2013	2014	2015
Parkway	7,089,050	7,049,289	7,346,366	7,896,828	8,859,986	14,927,001
Westpark	14,535,380	15,224,942	16,741,990	18,586,669	20,121,013	21,391,903
Total Transactions	21,624,430	22,274,231	24,088,356	26,483,497	28,980,999	36,318,904

Source: The County.

Toll Rate Setting Policy

On September 27, 2011, the Commissioners Court 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 review and adjustment of toll rates, with provisions for rounding tolls to appropriate levels. The annual adjustment factor is determined by the greater of (a) 2%, or (b) the most recently published change in the Consumer Price Index for All Urban Consumers ("CPI-U") Houston-Galveston-Brazoria, as published by the Bureau of Labor Statistics. The policy provides that electronic tolling ("EZ-Tag") rates will be rounded to the nearest nickel. The Toll Policy provides guidelines for future rate increases, which will be systematically implemented. The Toll Policy does not supersede toll rate covenants in existing or future bond documents. In the event a conflict exists, the bond toll covenants will prevail in determining the toll rates used on the Authority's toll facilities. The first automatic rate adjustment took effect on October 1, 2011. The Commissioners Court can repeal, suspend or amend the Toll Policy at any time.

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Table 2 - Toll Rate Schedule

The following table sets forth the toll rate schedule for the Project.

Toll Rate Schedule Effective as of April 28, 2015

Fort Bend Parkway

Fondren Main Lane Plaza

Vehicles	Toll Rate	Non-Tag Transactions	Non-Revenue and Exempt Vehicles
2 axle	$0.60	$0.75	$0.00
3 axle	1.20	1.35	0.00
4 axle	1.80	1.95	0.00
5 axle	2.40	2.55	0.00
6 axle	3.00	3.15	0.00

McHard, Lake Olympia and Sienna Main Lane Plazas

Vehicles	Toll Rate	Non-Tag Transactions	Non-Revenue and Exempt Vehicles
2 axle	$0.40	$0.75	$0.00
3 axle	0.80	1.35	0.00
4 axle	1.20	1.95	0.00
5 axle	2.40	2.55	0.00
6 axle	3.00	3.15	0.00

Westpark Tollway

Peek & Westmoor Main Lane Plazas

Vehicles	Toll Rate	Non-Tag Transactions	Non-Revenue and Exempt Vehicles
2 axle	$0.65	$0.80	$0.00
3 axle	1.30	1.45	0.00
4 axle	1.95	2.10	0.00
5 axle	2.60	2.75	0.00
6 axle	3.25	3.40	0.00

Source: The County.

Fort Bend Grand Parkway

In 2007, during the Regular Session of the 80th Texas Legislature, Senate Bill 792 was signed into law giving counties the option to take over development of the Grand Parkway from TxDOT. Under the law, a county must have begun their 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 would revert back to TxDOT. In September of 2009, the Commissioners Court signed its order assuming responsibility for financing, designing, constructing, operating and tolling the Grand Parkway within Fort Bend County. The Fort Bend Grand Parkway Toll Road Authority ("FBGPTRA") was created by the Commissioners Court as a local government corporation pursuant to Chapter 284, Texas Transportation Code, to aid, assist, and act on behalf of the County in the development of the Grand Parkway in Fort Bend County.

In May of 2011, FBGPTRA executed the "Right of Use" agreement with TxDOT, allowing FBGPTRA to use state highway rights-of-way and to begin construction of the nine new tolled overpasses and eight miles of main-lane development that comprise Segment D of the Grand Parkway. Construction of the first two overpasses began in 2011, and all nine overpasses were opened to traffic in the spring of 2014.

FBGPTRA is a separate legal entity from the Authority, although the board members of both entities are the same. By law and contract among Fort Bend County, TxDOT and the other counties through which the Grand Parkway will be built, the Grand Parkway must 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 Grand Parkway and such revenues are not pledged to the Bonds and are not part of the Trust Estate.**

SECURITY AND SOURCE OF PAYMENT

The Indenture and the Bonds

The Bonds are being issued pursuant to the Indenture. The Indenture establishes, among other things, the flow of funds for Revenues and the conditions for the issuance or incurrence of additional obligations secured by and payable from a lien on and pledge of the Trust Estate. Selected provisions of the Master Indenture are contained in APPENDIX D. For a complete copy of the Indenture, contact the County's Bond Counsel, Bracewell & Giuliani, LLP, Attn: Derrick Mitchell, 711 Louisiana St., Suite 2300, Houston, Texas 77002.

Pledge of the Trust Estate

Pursuant to the Indenture, the Toll Road Senior Lien Revenue Bonds (which includes the Bonds) and the Parity Obligations are secured by a first lien on and pledge of all of the County's right, title, and interest in and to the following (collectively, the "Trust Estate"): (i) all moneys and securities in the Debt Service Fund as provided in the Indenture, (ii) all moneys and securities in the Debt Service Reserve Fund Participant Account of the Debt Service Reserve Fund as provided in the Indenture, (iii) the Revenues as further described below to the extent of Revenues collected, (iv) the proceeds of the Toll Road Senior Lien Revenue Bonds or Parity Notes required to be deposited in the Construction Fund pursuant to the Indenture and to Investment Securities held in the Construction Fund, (v) to the extent permitted by law, the proceeds from the sale of Toll Road Bonds and investments thereof from time to time on deposit in the construction fund required to be maintained pursuant to the 2003 Indenture and (vi) any and all property of every kind and nature which may be assigned, hypothecated, endorsed, pledged, granted, or delivered to or deposited with the Trustee as additional security under the Indenture.

The term "Revenues" is defined in the Indenture to mean all amounts derived from the ownership or operation of the Project (including Project Segments) 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, plus any interest income earned on all funds and accounts established under the Master Indenture and under the 2003 Indenture that is required to be transferred to or maintained in the Revenue Fund, the Debt Service Fund, or the Debt Service Reserve Fund, but specifically excluding interest income attributable to any capitalized interest on the Toll Road Senior Lien Revenue Bonds and Parity Notes. The Bonds and any additional Toll Road Senior Lien Revenue Bonds are secured by and payable solely from the Trust Estate and are not secured by or payable from a mortgage or deed of trust on any real, personal, or mixed properties constituting the Project.

The Bonds are special obligations of the County and do not constitute an indebtedness or general obligation of the County, the State of Texas or any political subdivision thereof within the meaning of any constitutional or statutory limitation of indebtedness, but shall be payable solely from and secured by a first lien upon the Trust Estate. No owner of the Bonds shall ever have the right to demand payment of the Bonds or any interest or premium thereon from any funds raised or to be raised by taxation.

Toll Covenant

Under the Indenture, the County has covenanted that it will at all times fix, charge and collect such tolls for use of the Project as will be required each Fiscal Year to produce Revenues which shall equal at least 1.25 times the Aggregate Debt Service on all Toll Road Senior Lien Revenue Bonds, Parity Notes and other Parity Obligations accruing in such Fiscal Year.

The Indenture requires that, before the beginning of each Fiscal Year, the County must review the financial status of the Project in order to estimate and determine whether Revenues for the current Fiscal Year and for the following Fiscal Year will be sufficient to comply with the toll covenant. In connection with the preparation of the Annual Budget for each Fiscal Year, the County is also required to prepare and file with the Trustee a copy of its estimate of Revenues and Debt Service, together with a statement of pertinent estimates and assumptions, which

must take into consideration the cost of completing any uncompleted portion of the Project and the issuance of future series of Toll Road Senior Lien Revenue Bonds or Parity Obligations, if necessary, to finance the completion of the Project. If the County, in adopting any Annual Budget, determines that Revenues may be inadequate to meet this toll covenant, or if the audited financial reports of the County show that the County did not satisfy such covenant for the prior Fiscal Year, the County promptly must engage Independent Traffic Engineers to make a study and recommend a schedule of tolls that (except as otherwise provided in the following paragraph) will provide sufficient Revenues in the following Fiscal Year to comply with the toll covenant and that will provide additional Revenues in such following Fiscal Year and later years in order to eliminate any deficiency at the earliest practicable time. The County will place the recommended schedule of tolls in effect no later than ninety (90) days after the receipt of the recommendation from such Independent Traffic Engineers.

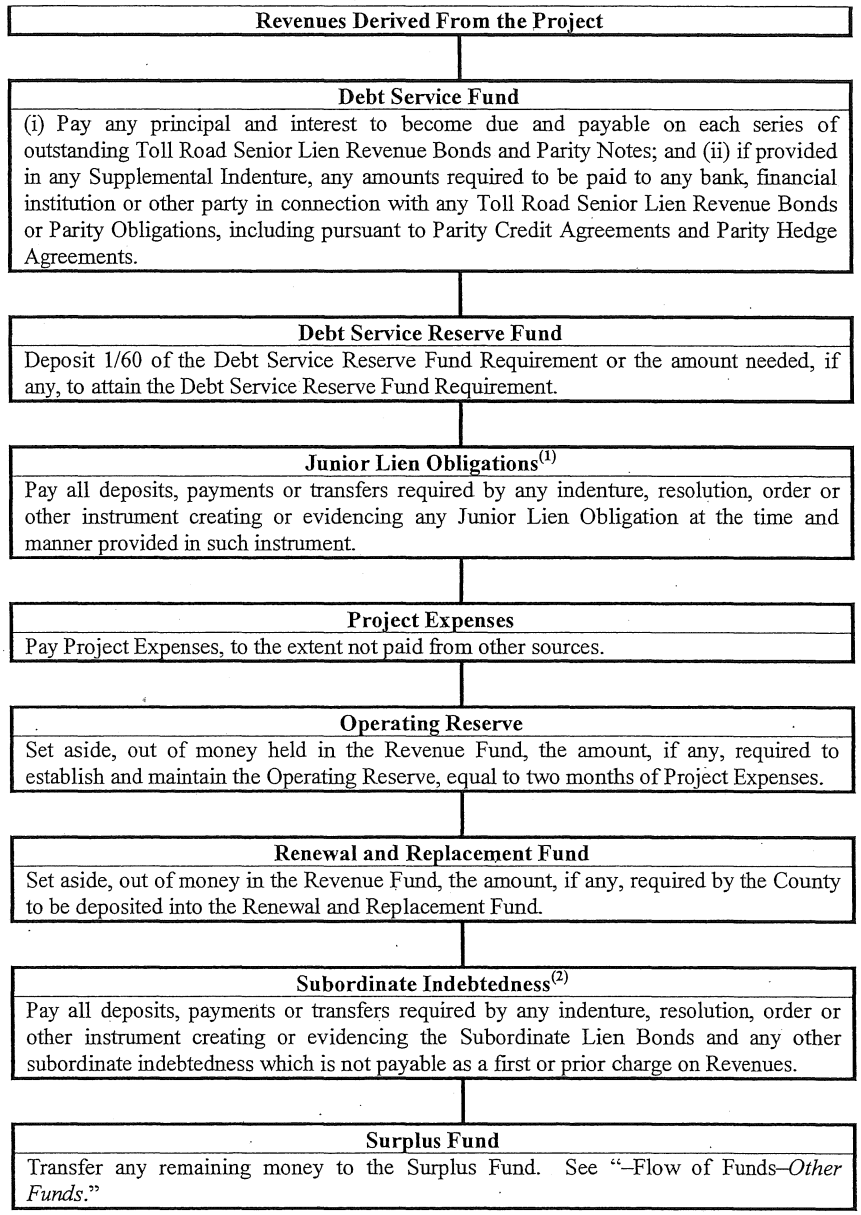
Failure to comply with the toll covenant described above will not constitute an Event of Default if either (i) the County complies with the procedures described in the preceding paragraph or (ii) the County's Traffic Engineers are of the opinion that a toll schedule which will comply with the toll covenant described above is impracticable at that time, and the County therefore cannot comply with the covenant described in the preceding paragraph, and the County establishes a schedule of tolls which is recommended by the County's Traffic Engineers to comply as nearly as practicable with the toll covenant described above.

Maintenance Tax Covenant

So long as any Toll Road Senior Lien Revenue Bonds or Parity Obligations are Outstanding, the County must in each year levy, assess, and collect an annual maintenance tax on all taxable property within the County fully sufficient in each year (taking into account delinquencies and costs of collection) to produce revenues sufficient to (i) pay as they become due all Project Expenses for which there are insufficient available Revenues or (ii) produce maintenance tax revenues for the Project equal to the amounts budgeted for such purpose in such year by the County, whichever is greater. To date, the County has not been required to levy an annual maintenance tax to satisfy such covenant, and the County does not expect to levy such a tax in the foreseeable future. **The proceeds of any such maintenance tax revenues are <u>not</u> part of the Trust Estate and may <u>not</u> be applied to the payment of Debt Service on the Toll Road Senior Lien Revenue Bonds or Parity Obligations.**

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Flow of Funds (Application of Revenues) Under Provisions of the Indenture



(1) To date, the County has not issued any Junior Lien Obligations under the Indenture.
(2) See "—Subordinate Lien Revenue Bonds and Bonds for Special Toll Road Projects."

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Flow of Funds

The Indenture provides for the maintenance of the following funds:

Name of Fund	Held by
Construction Fund	County
Revenue Fund	County
Debt Service Fund	Trustee
Debt Service Reserve Fund	Trustee
Maintenance Tax Fund	County
Renewal & Replacement Fund	County
Surplus Fund	County

The Indenture requires that, except as specifically provided, all Revenues must be deposited into the Revenue Fund, as received. All money at any time in the Revenue Fund must be applied to make transfers to the following funds or to make payments for the following purposes in the following order of priority: (i) into the Debt Service Fund; (ii) into the Debt Service Reserve Fund; (iii) to any funds or accounts established in connection with any Junior Lien Obligations; (iv) for payment or provision for payment of Project Expenses, to the extent not paid from other sources; (v) to maintain the Operating Reserve; (vi) into the Renewal and Replacement Fund; (vii) for payment of subordinate indebtedness, including the Subordinate Lien Bonds; and (viii) into the Surplus Fund. The Debt Service Fund and the Debt Service Reserve Fund are held by the Trustee, while all other Funds and Accounts are held by the County.

Debt Service Fund. The Indenture provides that there must be paid from the Revenue Fund into the Debt Service Fund on or before the last day of each month, amounts which, when added to other amounts in the Debt Service Fund, will provide for the accumulation, in substantially equal monthly installments, of the amounts required to pay the following: (i) any interest to become due and payable on the next Interest Payment Date; (ii) any Principal Installments to become due and payable on or before the next date on which such Principal Installment is payable; and (iii) any amounts required to be paid to any bank, securities dealer, financial institution or other party in connection with the any series of Toll Road Senior Lien Revenue Bonds or Parity Notes for the payment thereof and amounts due under any other Parity Obligation.

Debt Service Reserve Fund. The Indenture further requires the establishment of a Debt Service Reserve Fund for the Toll Road Senior Lien Revenue Bonds and any Parity Obligations, and the maintenance therein, in accordance with the provisions of the Indenture, of amounts equal to the Debt Service Reserve Fund Requirement. Within the Debt Service Reserve Fund, the County shall establish a Debt Service Reserve Fund Participant Account and one or more Debt Service Reserve Fund Non-Participant Accounts. Any series of Toll Road Senior Lien Revenue Bonds shall be designated as a Debt Service Reserve Fund Participant or not. Debt Service Reserve Fund Participants shall have a parity lien on the Debt Service Reserve Fund Participant Account. Any series of Toll Road Senior Lien Revenue Bonds that is not a Debt Service Reserve Fund Participant shall only have a lien on its Debt Service Reserve Fund Non-Participant Account. If the Debt Service Reserve Fund contains less than the aggregate Debt Service Reserve Fund Requirement (as defined in APPENDIX C), on or before the last day of each month, there must be transferred into the Debt Service Reserve Fund, out of the Revenue Fund, an amount equal to 1/60 of the aggregate Debt Service Reserve Fund Requirement or the amount needed to attain the aggregate Debt Service Reserve Fund Requirement, whichever is less, which transfers must continue each month until the Debt Service Reserve Fund contains the aggregate Debt Service Reserve Fund Requirement.

The County may satisfy all or any portion of the Debt Service Reserve Fund Requirement by purchasing a reserve fund surety policy, surety bond, letter of credit or other similar instrument from a financial institution having a long-term credit rating in one of the two highest generic rating categories from at least two nationally recognized rating agencies and having a credit rating or claims paying ability such that it will not cause any nationally recognized rating agency which then has an outstanding rating on any outstanding Toll Road Senior Lien Revenue Bonds or Parity Notes to be withdrawn or lowered.

In addition, the County may purchase Debt Service Reserve Fund Liquidity Facilities that enable the County to sell any investments in the Debt Service Reserve Fund at agreed upon prices at any time the proceeds thereof are required to prevent a default in the payment of Debt Service on any outstanding Toll Road Senior Lien Revenue Bonds or Parity Notes. The purchase of such facility will enable the County to invest a corresponding amount in the Debt Service Reserve Fund in Investment Securities with maturities not exceeding the final maturity

on the outstanding Toll Road Senior Lien Revenue Bonds or Parity Notes and to continuously value such Investment Securities at not less than the purchase price agreed to in such facility.

The Bonds will be, and the Series 2014 Bonds (as defined herein) and Series 2012 Bonds (as defined herein) have been, designated as a Debt Service Reserve Fund Participant and are therefore secured by the Debt Service Reserve Fund Participant Account. The Debt Service Reserve Requirement for the Bonds is $_____, which will be satisfied on the date of issuance thereof with a cash deposit to the Debt Service Reserve Fund Participant Account from other lawfully available funds of the County. The Debt Service Reserve Requirement for the Series 2012 Bonds and Series 2014 Bonds was satisfied with a cash deposit on the respective date of issuance thereof to the Debt Service Reserve Fund Participant Account.

Provision for Junior Lien Obligations. The Indenture permits the establishment of debt service funds, debt service reserve funds and any other funds and accounts required in connection with the issuance of Junior Lien Obligations and the deposit and transfer of Revenues into such funds and accounts after making all required deposits to the Debt Service Fund and Debt Service Reserve Fund but prior to the payment of Project Expenses. To date, the County has not issued any Junior Lien Obligations under the Indenture.

Project Expenses. After the required payments, provisions for payment, deposits and transfers have been made to the Debt Service Fund, Debt Service Reserve Fund, or funds and accounts required for Junior Lien Obligations, as described above, on or before the last day of each month, to the extent not paid from other sources, Project Expenses will be paid from the Revenue Fund. The County has covenanted to levy, assess and collect an annual maintenance tax sufficient to pay as they become due all Project Expenses for which there are insufficient available Revenues. See "—Maintenance Tax Covenant" above.

Other Funds. The Indenture requires the establishment and maintenance of certain other funds. The Operating Reserve, which must be kept in the Revenue Fund, must retain an amount of money equal to two months of Project Expenses, as set out in the County's current Annual Budget for the Project. The County also must maintain a Renewal and Replacement Fund, to be held by the County, which must contain the amount, if any, required by the County from time to time. Money in the Renewal and Replacement Fund may be used for repairs, replacements, extensions, renewals, betterments, improvements, and reconstruction of the Project that are not Project Expenses, and for transfers to the Debt Service Fund and Debt Service Reserve Fund to maintain the required balances in such funds if no other funds are available for such purpose. The Indenture also requires the County to maintain a Surplus Fund, into which moneys will be transferred from the Revenue Fund after all prior transfers and provisions for payment, including provisions for payment of the then Outstanding Subordinate Lien Bonds or other subordinate lien obligations, have been made. Moneys in the Surplus 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 County in connection with the Project, (ii) for transfers to the Debt Service Fund and Debt Service Reserve Fund to maintain the required balances therein if no other funds are available for such purpose, (iii) for the redemption of Toll Road Senior Lien Revenue Bonds, Parity Notes, other Parity Obligations, Junior Lien Obligations or Toll Road Bonds, (iv) to provide for a toll rate stabilization, and (v) to pay capital costs, including without limitation, engineering, land acquisition, and construction for any project on the County's major thoroughfare plan. There is, therefore, no assurance that any surplus Revenues produced in any future period will be retained by the County or be otherwise available to offset any deficit or shortfall in Revenues from operation of the Project in any future periods. See "—Subordinate Lien Revenue Bonds and Bonds for Special Toll Road Projects" below.

In addition, under the terms of the Indenture, and in order to facilitate compliance by the County with the covenants contained therein regarding the exclusion from federal income taxation of the interest on the Bonds, the County reserves the right to request the Trustee to establish rebate accounts with respect to the Bonds to account for the excess arbitrage profits and interest thereon that must be accounted for, or rebated to the United States of America. See "TAX MATTERS."

Outstanding Obligations

After the issuance of the Bonds and the application of the proceeds thereof, the obligations listed below will be outstanding under the Indenture and the 2003 Indenture in the following principal amounts:

Senior Lien Obligations

	Outstanding Principal Amount
Fort Bend County, Texas, Senior Lien Toll Road Revenue Bonds, Series 2012 (the "Series 2012 Bonds")	$30,775,000
Fort Bend County, Texas, Senior Lien Toll Road Revenue Bonds, Series 2014 (the "Series 2014 Bonds")	$45,000,000
Fort Bend County, Texas, Senior Lien Toll Road Revenue Bonds, Series 2016	$66,000,000*
Total Senior Lien Obligations	$141,077,500*

Junior Lien Obligations

None	$0

Subordinate Lien Obligations

Fort Bend County, Texas, Unlimited Tax and Subordinate Lien Toll Road Revenue Refunding Bonds, Series 2012 (the "Series 2012 Subordinate Lien Bonds")	$115,885,000
Total Subordinate Lien Obligations	$115,885,000

* Preliminary; subject to change.

Additional Toll Road Senior Lien Revenue Bonds and Parity Notes

The County reserves the right to issue one or more future series of Toll Road Senior Lien Revenue Bonds or Parity Notes (collectively, "Additional Senior Lien Obligations") under the Indenture in addition to and on parity with the Bonds and the County's previously issued and outstanding Toll Road Senior Lien Revenue Bonds (see "—Outstanding Obligations" above), provided that the following conditions and tests are satisfied:

(i) If such Additional Senior Lien Obligations are being issued to complete a Project Segment, an Independent Consulting Engineer must certify that such series of Additional Senior Lien Obligations is required to be issued to finance Costs of the Project for which there are not funds otherwise available and such Costs of the Project must be incurred in order to complete a Project Segment or to make such improvements, replacements, or major repairs thereto as are essential to the operational and structural integrity and safety thereof;

(ii) In the case of Additional Senior Lien Obligations issued to refund any Toll Road Senior Lien Revenue Bonds, Parity Notes or Debt Service incurred in connection with the Project, the County's Financial Advisor must provide a certificate containing either (a) a calculation showing that the Aggregate Debt Service on all Toll Road Senior Lien Revenue Bonds and Parity Obligations that will be Outstanding after the issuance of such refunding series of Additional Senior Lien Obligations will not increase the Aggregate Debt Service in any year that such Aggregate Debt Service would be scheduled to be payable without the issuance of such refunding series of Additional Senior Lien Obligations; or (b) a statement to the effect that the issuance of such refunding series of Additional Senior Lien Obligations is necessary or is intended to cure or prevent an Event of Default; or (c) a calculation demonstrating that such refunding series of Additional Senior Lien Obligations is necessary to refinance and amortize one or more Principal Installments or scheduled principal maturities which cause Aggregate Debt

Service in the Fiscal Year in which they are payable to exceed the average annual Aggregate Debt Service by more than 20%; or

(iii) For all Additional Senior Lien Obligations for which the requirements of (i) or (ii) above are not met, and as an alternative to those requirements, the following must be provided:

(a) An Accountant must certify that for any 12 consecutive months out of the 24 months preceding the month in which the order is adopted authorizing the issuance of Additional Senior Lien Obligations, the coverage of Aggregate Debt Service for such 12 months on all Toll Road Senior Lien Revenue Bonds and Parity Obligations Outstanding prior to the issuance of the Additional Senior Lien Obligations must either be:

(1) at least 1.25 times Net Revenues during such period, as adjusted for any toll increases placed in effect prior to the date the order is adopted authorizing the issuance of the particular Additional Senior Lien Obligations; or

(2) at least 1.50 times Revenues during such period, as adjusted for any toll increases placed in effect prior to the date the order is adopted authorizing the issuance of the particular Additional Senior Lien Obligations; and

(b) An Independent Traffic Engineer must provide a certificate or report for the five-year period ending with the fifth complete Fiscal Year following the date that the Project Segment to be financed with such series of Additional Senior Lien Obligations is to be placed in service containing estimates for each Fiscal Year during such period by such Independent Traffic Engineer of the Aggregate Debt Service on all Toll Road Senior Lien Revenue Bonds and Parity Obligations Outstanding (including the series of Additional Senior Lien Obligations to be issued and any Additional Senior Lien Obligations estimated to be required by such Independent Traffic Engineer to finance the completion of the Project Segment being financed with such series of Additional Senior Lien Obligations), together with estimates of Revenues or Net Revenues (based upon such assumptions as he will set forth in his certificate or report), and calculating that in each of such five Fiscal Years the estimated Aggregate Debt Service will be covered either:

(1) At least 1.25 times Net Revenues during such period; or

(2) At least 1.50 times Revenues during such period.

(c) In lieu of satisfying the coverage test with respect to future Aggregate Debt Service by providing a certificate or report of an Independent Traffic Engineer as described in paragraph (b) above, the County may alternatively provide an Accountant's certification that for any 12 consecutive months out of the 24 months preceding the month in which the order is adopted authorizing the issuance of such Additional Senior Lien Obligations, either the historical Revenues or historical Net Revenues during such period were sufficient to satisfy the requisite coverage test with respect to the future Aggregate Debt Service on all Toll Road Senior Lien Revenue Bonds and Parity Obligations Outstanding (including the series of Additional Senior Lien Obligations then being issued and any additional series estimated to be required to complete any Project Segment being financed with such series) for the five-year period that would be covered by the certificate or report of such Independent Traffic Engineer.

The County plans to satisfy the additional bonds test with respect to the Bonds by providing an Accountant's Certificate pursuant to paragraphs (iii)(a) and (c) above.

Additional Parity Obligations

In addition to providing for the issuance of and security for Toll Road Senior Lien Revenue Bonds, the Indenture provides that the County may issue or incur, on a parity with Toll Road Senior Lien Revenue Bonds, other "Parity Obligations" including (i) "Parity Notes" (pursuant to commercial paper programs or otherwise), (ii) reimbursement obligations with respect to "Parity Credit Agreements" acquired to enhance the security for any Toll

Road Senior Lien Revenue Bonds or Parity Notes, and (iii) payment obligations pursuant to certain qualifying "Parity Hedge Agreements" (such as swap agreements) with respect to the payment of Debt Service on any Toll Road Senior Lien Revenue Bonds or Parity Notes.

Generally, the issuance or incurrence of such Parity Obligations secured on a parity with Toll Road Senior Lien Revenue Bonds will be subject to the County's compliance with the same tests (including Revenue coverage tests) that must be satisfied in connection with the issuance of additional Toll Road Senior Lien Revenue Bonds, (see "—Additional Toll Road Senior Lien Revenue Bonds and Parity Notes" above) except that (i) for purposes of calculating Debt Service on Parity Obligations, in the case of the issuance of Parity Notes (including commercial paper notes), the principal amount thereof is deemed to be continuously refinanced under a program that will provide for approximately level amortization of debt service over a period of 30 years after the expiration of any period of time for which capitalized interest is provided, (ii) the County may combine payment obligations under Parity Hedge Agreements with interest due on those Toll Road Senior Lien Revenue Bonds or Parity Notes to which such Parity Hedge Agreements relate in order to obtain a combined Debt Service calculation (e.g., synthetic rate), (iii) future payments of interest or interest components that are variable, adjustable or not ascertainable at the time of calculation will be estimated in the same manner currently provided for Toll Road Senior Lien Revenue Bonds in the Indenture (See "APPENDIX C—GLOSSARY OF TERMS" - definition of "Debt Service") and (iv) once Parity Notes are initially authorized, they may be continually refunded and refinanced through the issuance of other Parity Notes or Toll Road Senior Lien Revenue Bonds without having to resatisfy such Revenue coverage tests.

Subordinate Lien Revenue Bonds and Bonds for Special Toll Road Projects

The County has previously issued certain series of Subordinate Lien Bonds secured by a pledge of County taxes and by a lien on Net Revenues that is subordinate to the lien on Revenues of the Toll Road Senior Lien Revenue Bonds and Parity Obligations. See "—Flow of Funds (Application of Revenues) Under Provisions of the Indenture" and "—Outstanding Obligations" above. The total principal amount of Subordinate Lien Bonds currently outstanding is $115,885,000.

In addition to the Additional Senior Lien Obligations and Parity Obligations described above, the County reserves the right to issue, for any lawful purpose, bonds, notes, or other obligations secured, in whole or in part, by liens on the Revenues that are junior to the lien on Revenues securing payment of the Toll Road Senior Lien Revenue Bonds and Parity Obligations. Such bonds, notes, or other obligations may be secured by liens on the Revenues that are senior to the lien on Revenues securing payment of the Subordinate Lien Bonds. See "—Flow of Funds (Application of Revenues) Under Provisions of the Indenture" above. To the extent that surplus Revenues are used to pay the Subordinate Lien Bonds, or for any other authorized purpose, such Revenues will not be available to offset any deficit or shortfall that may occur in Revenues from operation of the Project in any future periods.

The County also reserves the right to issue revenue bonds secured by liens and pledges of revenues and proceeds derived from special toll road projects that are not a part of the Project. A toll road facility will be deemed not to be part of the Project if it is declared by the County not to be part of the Project, the costs of construction, acquisition, and improvement are paid from proceeds of a financing transaction other than the issuance of bonds payable from Revenues of the Project, and all maintenance and operation expenses are payable from sources other than Revenues of the Project, but only to the extent that and for so long as all or any part of the revenues or proceeds of the toll road facility are or will be pledged to secure the payment or repayment of such costs of construction, acquisition, and improvement under such financing transaction.

TOLL ROAD FINANCIAL INFORMATION

Table 3 - Selected Financial Information

The following table sets forth the audited revenues and expenses of the Authority for Fiscal Years 2010 through 2014, and unaudited revenues and expenses of the Authority for eleven months of Fiscal Year 2015 (through August 31, 2015).

	Fiscal Year Ending September 30,					Eleven Months Ended
	2010	2011	2012	2013	2014	8/31/2015[1][2]
Operating Revenues						
Toll revenue	$ 17,185,507	$ 17,694,231	$ 19,325,050	$ 21,853,536	$ 23,724,115	$ 24,427,773
Total Operating Revenues	17,185,507	17,694,231	19,325,050	21,853,536	23,724,115	24,427,773
Operating Expenses						
Salaries and personnel costs	20,020	30,849	31,527	31,549	33,669	139,025
Fees	3,752,419	3,975,987	4,027,097	3,253,537	3,897,378	3,464,336
Utilities	129,679	124,226	127,960	120,737	125,403	128,901
Depreciation	3,962,606	3,986,219	3,870,677	3,870,676	4,166,469	4,090,407
Total Operating Expenses	7,864,724	8,117,281	8,057,261	7,276,499	8,222,919	7,822,669
Operating Income	9,320,783	9,576,950	11,267,789	14,577,037	15,501,196	16,605,104
Non-Operating Revenues						
Earnings on investments	165,305	354,629	523,604	180,323	175,305	250,346
Amortization of bond premiums	142,955	142,955	3,107,603	1,109,451	1,117,852	-
Miscellaneous income	8,175	54,501	1,781	-	2,065	3,281
Total Non-Operating Revenues	316,435	552,085	3,632,988	1,289,774	1,295,222	253,627
Non-Operating Expenses						
Interest on long-term debt	6,753,431	6,720,764	4,705,623	7,652,789	7,552,458	3,865,678
Debt service fees	6,000	6,000	6,000	17,750	14,750	11,000
Amortization of bond discounts	-	-	3,885	11,656	11,656	
Amortization of debt issuance costs	-	-	1,494,267	-	-	518,776
Total Non-Operating Expenses	6,759,431	6,726,764	6,209,775	7,682,195	7,578,864	4,395,454
Net income before contributions	2,877,787	3,402,271	8,691,002	8,184,616	9,217,554	12,463,277
Capital grants and contributions	480,002	-	761,500	-	-	6,108
Operating contribution from Fort Bend Grand Parkway Toll Road Authority	-	518,338	-	-	-	
Change in Net Assets	3,357,789	3,920,609	9,452,502	8,184,616	9,217,554	12,469,385
Total Net Assets, Beginning of Year	38,169,340	41,527,129	45,447,738	54,900,240	63,084,856	72,302,410
Total Net Assets, End of Year	$ 41,527,129	$ 45,447,738	$ 54,900,240	$ 63,084,856	$ 72,302,410	$ 84,771,795

Source: The County.
(1) Unaudited.
(2) Restated.

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Table 4 - Historical Toll Road Operating Results and Coverages

Fiscal Year 9/30	Project Revenues	Other Earnings	Senior Lien Debt Service	Coverage Ratio on Senior Lien Debt Service	O&M Expenses[1]	Revenues Available for Subordinate Lien Debt Service	Subordinate Lien Debt Service	Coverage Ratio on Subordinate Lien Debt Service
2010	$17,185,507	$ 653,483	n/a	n/a	$3,902,118	$13,936,872	$6,759,431	2.062 x
2011	17,694,231	927,468	n/a	n/a	4,131,061	14,490,638	8,131,431	1.782 x
2012	19,325,050	1,286,885	$ 287,342	71.733 x	4,186,584	16,138,009	5,134,341	3.143 x
2013	21,853,536	180,323	1,126,700	19.556 x	3,405,823	17,501,336	8,615,726	2.031 x
2014	23,724,115	177,370	1,126,700	21.214 x	4,056,450	18,718,335	8,185,431	2.287 x

Source: The County.
(1) Excludes capital expenditures and depreciation pursuant to certain covenants under the Indenture.

For fiscal year 2014, the Project produced revenues of $23,724,115 and revenues available for subordinate lien debt service of $18,718,335. Subordinate lien debt service was $8,185,335, resulting in coverage of subordinate lien debt service of 2.287 times.

Traffic and Toll Revenue Study

CDM Smith Inc. has prepared a Fort Bend County Toll Road Authority Systemwide Comprehensive Level Traffic & Toll Revenue Study (the "Traffic and Revenue Study") that sets forth the estimated traffic and toll revenue for the Project, including the Westpark Tollway extension to be financed with the proceeds of the Bonds, from 2015 through 2054, assuming an anticipated opening of the Westpark Tollway extension on February 1, 2018. The Traffic and Revenue Study was prepared in October 2015 and supplemented on December 23, 2015. The Traffic and Revenue Study is available through the Electronic Municipal Market Access ("EMMA") system at http://emma.msrb.org/ES746582-ES585355-ES981213.pdf. The revenue forecasts in the Traffic and Revenue Study are based upon certain assumptions described therein, and such study is not a guarantee of any future events or trends.

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Table 5 - Debt Service Requirements

Fiscal Year September 30	Existing Senior Lien Debt Service[1]	The Bonds* Principal	The Bonds* Interest	The Bonds* Total	Outstanding Senior Lien Debt Service [2]	Outstanding Subordinate Lien Debt Service [2]	Total Debt Service
2016	$ 4,485,400		$ 1,788,570	$ 1,788,570	$ 6,273,970	$ 8,839,625	$ 15,113,595
2017	4,551,550		3,187,550	3,187,550	7,739,100	9,346,625	17,085,725
2018	4,614,413		3,187,550	3,187,550	7,801,963	9,921,875	17,723,838
2019	4,673,563	$ 250,000	3,185,050	3,435,050	8,108,613	10,157,625	18,266,238
2020	4,737,700	500,000	3,177,550	3,677,550	8,415,250	10,321,875	18,737,125
2021	4,810,875	750,000	3,161,300	3,911,300	8,722,175	10,333,000	19,055,175
2022	4,878,850	1,000,000	3,135,050	4,135,050	9,013,900	10,339,125	19,353,025
2023	4,896,825	1,250,000	3,101,300	4,351,300	9,248,125	10,320,250	19,568,375
2024	4,895,047	1,345,000	3,055,650	4,400,650	9,295,697	10,354,875	19,650,572
2025	4,897,769	1,650,000	2,995,750	4,645,750	9,543,519	10,332,250	19,875,769
2026	4,889,788	1,725,000	2,919,625	4,644,625	9,534,413	10,342,125	19,876,538
2027	4,881,019	1,820,000	2,831,000	4,651,000	9,532,019	10,347,875	19,879,894
2028	4,876,806	1,925,000	2,737,375	4,662,375	9,539,181	10,339,000	19,878,181
2029	4,874,281	2,035,000	2,638,375	4,673,375	9,547,656	10,329,875	19,877,531
2030	4,872,931	2,115,000	2,534,625	4,649,625	9,522,556	10,357,188	19,879,744
2031	4,870,456	2,265,000	2,425,125	4,690,125	9,560,581	10,317,375	19,877,956
2032	4,861,731	2,395,000	2,308,625	4,703,625	9,565,356	10,311,500	19,876,856
2033	4,861,406	2,520,000	2,185,750	4,705,750	9,567,156		9,567,156
2034	4,854,131	2,650,000	2,056,500	4,706,500	9,560,631		9,560,631
2035	4,849,656	2,785,000	1,920,625	4,705,625	9,555,281		9,555,281
2036	4,842,631	2,925,000	1,777,875	4,702,875	9,545,506		9,545,506
2037	4,844,406	3,075,000	1,627,875	4,702,875	9,547,281		9,547,281
2038	4,834,600	3,235,000	1,470,125	4,705,125	9,539,725		9,539,725
2039	4,832,144	3,400,000	1,304,250	4,704,250	9,536,394		9,536,394
2040	4,827,697	3,575,000	1,129,875	4,704,875	9,532,572		9,532,572
2041		3,755,000	946,625	4,701,625	4,701,625		4,701,625
2042		3,950,000	754,000	4,704,000	4,704,000		4,704,000
2043		4,150,000	551,500	4,701,500	4,701,500		4,701,500
2044		4,365,000	338,625	4,703,625	4,703,625		4,703,625
2045		4,590,000	114,750	4,704,750	4,704,750		4,704,750
Total	$ 120,315,675	$ 66,000,000	$ 64,548,445	$ 130,548,445	$ 250,864,120	$ 172,612,063	$ 423,476,182

* Preliminary, subject to change.
(1) See "SECURITY AND SOURCE OF PAYMENT--Outstanding Obligations."
(2) See "SECURITY AND SOURCE OF PAYMENT--Outstanding Obligations."

Investments

The County invests its 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.

A political subdivision such as the County may enter into 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 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 include a list of authorized investments for County funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. 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 6 - Current Investments

As of September 30, 2015, the Authority's investable funds attributable to the Authority were invested in the following categories:

Description	Book Value	Market Value	Percent of Total
Demand Deposits	$ 76,243,994	$ 76,243,994	95.16%
Investment Pools	292,855	292,855	0.37%
Money Market Funds	3,587,562	3,587,562	4.48%
	$ 80,124,411	$ 80,124,411	100.00%

TAX MATTERS

Tax Exemption

In the opinion of Bracewell & Giuliani LLP, Bond Counsel, under existing law (i) interest on the Bonds is excludable from gross income for federal income tax purposes and (ii) the Bonds are not "private activity bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except as described below in the discussion regarding the adjusted current earnings adjustment for corporations.

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 bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond 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 County has covenanted in the Indenture that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Indenture pertaining to those sections of the Code that 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 County, the County's Financial Advisor and the Underwriters with respect to matters solely within the knowledge of the County, the County's Financial Advisor and the Underwriters, respectively, which Bond Counsel has not independently verified. If the County fails to comply with the covenants in the Indenture or if the foregoing representations are determined to be inaccurate or incomplete,

interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion 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, or REMIC), 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.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds.

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 thereof. 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 as to 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 County as the taxpayer and the Owners 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 regardless of the ultimate outcome of the audit.

Additional Federal Income Tax Considerations

Collateral Tax Consequences. 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, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit 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. Prospective purchasers of the Bonds should also be aware that, 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.

Tax Accounting Treatment of Original Issue Premium. The issue price of all or a portion of the Bonds may exceed the stated redemption price payable at maturity of such Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond

premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount. The issue price of all or a portion of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the "Original Issue Discount Bonds"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public 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 in the initial public offering of the Bonds. Generally, 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. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "TAX MATTERS—Tax Exemption" and "TAX MATTERS—Additional Federal Income Tax Considerations—*Collateral Tax Consequences*" and "TAX MATTERS—Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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 Original Issue Discount Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriters have purchased the Bonds for contemporaneous sale to the public and (ii) all of the Original Issue Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the County nor Bond Counsel has made any investigation or offers any comfort 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 accrues 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 date 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 Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and 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 (ii) 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 that are not purchased in the initial offering at the initial offering price may be determined according to rules that 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 Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

CONTINUING DISCLOSURE OF INFORMATION

In the Third Supplemental Indenture, 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 obligated to advance funds to pay the Bonds. 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 Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The County will provide certain updated financial information and operating data, which is customarily prepared by the County and is publicly available, annually to the MSRB. The financial information and operating data which will be provided with respect to the County include all quantitative financial information and operating data of the general type included in this Official Statement under Tables 1 through 5 and in Appendices A and B. The County will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2016. Any financial statements so provided shall be 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 principles, and audited if the County commissions an audit of such statement and the audit is completed within the period during which it must be provided. If the audit of such financial statements is not completed within such period, then the County shall provide unaudited financial information and operating data which is customarily prepared by the County for the applicable fiscal year within six months of the end of the fiscal year, and audited financial statements when and if the audit report becomes available.

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.

Event Notices

The County will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The County will provide notice of any of the following events with respect to the Bonds: (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 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 events affecting the tax-exempt 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 or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the County or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the County 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 (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Indenture makes any provision for credit or liquidity enhancement. In addition, the County will provide timely notice of any failure by the County to provide information, data, or financial statements in accordance with its agreement described above under "—Annual Reports."

Availability of Information from MSRB

The County has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through the EMMA internet portal at www.emma.msrb.org.

Limitations and Amendments

The County has agreed to update information and to provide notices of certain 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 or beneficial owners 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 but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby 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 either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or 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 such agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent an underwriter from lawfully purchasing the Bonds in the initial offering. If the County so amends the agreement, it has agreed to include with any financial information or operating data next 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.

OTHER INFORMATION

Ratings

The Bonds have been assigned a rating of "A2" by Moody's Investors Service, Inc. ("Moody's") and "A+" by Fitch Ratings, Inc. ("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 County 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.

No Litigation

Neither the County nor the Authority is a party to (i) any litigation nor aware of any pending or threatened litigation to restrain or enjoin the issuance or delivery of the Bonds or which would affect the provisions made for their payment or security or in any manner question the validity of the Bonds or (ii) other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the County or the Authority, would have a material adverse effect on the financial condition of the County or the Authority.

Environmental Regulations and Air Quality

Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality ("TCEQ") may impact new industrial, commercial and residential development in Houston and adjacent areas. Under the Clean Air Act Amendments of 1990, the eight-county Houston-Galveston-Brazoria area ("HGB Area") – Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty counties – was designated by the EPA in 2008 as a severe ozone nonattainment area. Such areas are required to demonstrate progress in reducing ozone concentrations each year until the EPA "8-hour" ozone standards are met. Both the TCEQ and EPA took comments on the submission of a new State

Implementation Plan ("SIP") which would account for the severe classification of the HGB Area, and on March 10, 2010, the TCEQ adopted a series of SIP revisions and associated rule revisions for the HGB nonattainment area for the 1997 eight-hour ozone standard. New designation submittals were due to the EPA in March 2011 to comply with a newly lowered EPA ozone standard – because the standard was lowered in 2010, the HGB Area remains in severe nonattainment. To provide for reductions in ozone concentrations to reach the newly lowered ozone standard, the EPA and the TCEQ will continue to impose increasingly stringent limits on sources of air emissions and require any new source of significant air emissions to provide for a net reduction of air emissions. If the HGB Area fails to demonstrate progress in reducing ozone concentrations or fails to meet EPA's standards, EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects, as well as severe emissions offset requirements on new major sources of air emissions for which construction has not already commenced.

In order to comply with the EPA's standards for the HGB Area, the TCEQ has proposed SIPs setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB Area. In response to the severe ozone nonattainment designation, the TCEQ adopted additional control technologies in order to achieve attainment, and it is possible that these additional controls could have a negative impact on the HGB Area's economic growth and development.

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 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 of Texas, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the County 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 County will furnish a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Bonds are valid and legally binding obligations of the County, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to a like effect. The form of Bond Counsel's opinion is included in APPENDIX E.

Bond Counsel was not requested to participate, and did not take part, in the preparation of this 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 relating to the Bonds and the Indenture in this Official Statement under the captions "THE BONDS" (except for the information under the subheadings "Book-Entry-Only System" and "Enforceability of Remedies"), "SECURITY AND SOURCE OF PAYMENT," "CONTINUING DISCLOSURE OF INFORMATION" and "OTHER INFORMATION—Legal Matters" (except for the third and fourth paragraphs of such subheading), and in "APPENDIX C – GLOSSARY OF TERMS" and "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE" to verify that the information relating to the Bonds and the Indenture contained under such captions and in APPENDIX C and APPENDIX D accurately and fairly reflect the provisions thereof, and the information under the captions "TAX MATTERS" and "OTHER INFORMATION—Legal Investments and Eligibility to Secure Public Funds in Texas" to verify that the information under such captions is correct as to matters of law and fairly and accurately presents the information therein.

Andrews Kurth LLP, Houston, Texas, has been engaged by the County to serve as Special Disclosure Counsel for this transaction and is expected to render the customary opinion with respect to the material contained in this Official Statement. Certain legal matters will be passed on for the Underwriters by their co-counsel, Haynes

and Boone, LLP and Levi Benton & Associates PLLC. The legal fees to be paid Bond Counsel, Special Disclosure Counsel and co-counsel to the Underwriters for services rendered in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues expressly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise from the transaction.

Financial Advisor

First Southwest Company, LLC is employed as Financial Advisor to the County 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, LLC, in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the County 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 County 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, to purchase the Bonds from the County, pursuant to a bond purchase agreement with the County for a purchase price of $_____ (representing the principal amount of the Bonds, plus an original issuance premium of $_____, less an underwriter's 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.

Forward-Looking Statements

The statements contained in this Official Statement that are not purely historical, are forward-looking statements, including statements regarding the expectations, hopes, intentions, or strategies of the County regarding the future. Investors 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 County on the date hereof, and the County assumes no obligation to update any such forward-looking statements. The 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 County. 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 County'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 Bond 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.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these statements have been or will be realized. Information in this Official Statement has been derived by the County from official and other sources and is believed by the County to be accurate and reliable. Information other than that obtained from official records of the County has not been independently confirmed or verified by the County and its accuracy is not guaranteed.

County Judge
Fort Bend County, Texas

ATTEST:

County Clerk
Fort Bend County, Texas

APPENDIX A

EXCERPTS FROM THE COUNTY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2014

Sandersen Knox & Co. L.L.P.
Certified Public Accountants
130 Industrial Blvd, Suite 130 • Sugar Land, Texas 77478 • 281/240-1233 • fax 281/242-8252 • www.sklp.com

INDEPENDENT AUDITORS' REPORT

To the Honorable Robert E. Hebert, County Judge
and Members of Commissioners Court
Fort Bend County, Texas

Report on the Financial Statements

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, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Fort Bend County, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Fort Bend County, Texas, as of September 30, 2014, and

the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 3–13 and 62–75 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fort Bend County, Texas' basic financial statements. 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 basic financial statements.

The combining and individual nonmajor fund financial statements and the 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the budgetary comparison schedules are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2015, on our consideration of Fort Bend County, Texas' 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* in considering Fort Bend County, Texas' internal control over financial reporting and compliance.

Sugar Land, Texas
March 20, 2015

As management of Fort Bend County, Texas (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, 2014. 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 and deferred outflows of resources of the County exceeded its liabilities at the close of the most recent fiscal year by $721.9 million ("net position"). Of this amount, there is a deficit of $119.7 million in unrestricted net position due to the continued liability increase for other post-employment benefits ("OPEB") that now totals $189.8 million.
- The County's total net position increased by $6.0 million.
- As of the close of the current fiscal year, the County's governmental funds reported a combined ending fund balance of $79.2 million, a decrease of $13.6 million from the prior year.
- At the end of the current fiscal year approximately $14.3 million is available for spending at the government's discretion in the General Fund (unassigned fund balance). This unassigned fund balance amounts to 6.5% of total General Fund expenditures.
- The County's total assets and deferred outflow of resources increased by $13.2 million and total liabilities increased by $7.2 million during the current fiscal year.

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 consist of 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 intended to furnish additional detail to support 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 position presents financial information on all of the County's assets, liabilities, and deferred inflows/outflows, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 services, 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 64 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 the Debt Service Fund, which are considered to be major funds. Data from the other 62 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 this 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 this 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 five 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 financial statements can be found on pages 32 through 59 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 75 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities by $721.9 million at the close of the most recent fiscal year.

CONDENSED SCHEDULE OF NET POSITION

September 30, 2014 and 2013

	Primary Government Governmental Activities	
	2014	2013
Current and other assets	$ 120,055,964	$ 142,426,224
Capital assets, net	1,180,129,294	1,144,837,253
Total Assets	1,300,185,258	1,287,263,477
Total Deferred Outflows of Resources	319,879	
Long-term liabilities	544,004,790	529,564,188
Other liabilities	34,578,311	41,814,224
Total Liabilities	578,583,101	571,378,412
Net Position:		
Net investment in capital assets	839,830,725	811,299,625
Restricted	1,753,831	1,414,427
Unrestricted	(119,662,520)	(96,828,987)
Total Net Position	$ 721,922,036	$ 715,885,065

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 $839.8 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.

A portion of the County's net position, $1.8 million, represents resources that are subject to external restrictions on how they may be used. The deficit balance for unrestricted net position of $119.7 million was due primarily to the growing OPEB liability that now totals $189.8 million.

The County's assets exceeded its liabilities by $721.9 million, which is an increase of $6.0 million from the prior year. This increase is primarily due to the following: decrease in cash of $18.8 million due to the expense of bond funds for road projects; decrease in due from component units of $3.4 million due to a reduction of accounts payable transactions at the end of September; increase in capital assets of $35.3 million due to construction of new facilities and construction and contribution of new roads; decrease in accounts payable of $7.4 million due to a reduction of transactions at the end of September; an increase in OPEB liability of $31.0 million, and a decrease of $17.1 million in bonds payable due to scheduled debt service payments.

SCHEDULE OF CHANGES IN NET POSITION

For the years ended September 30, 2014 and 2013

	Primary Government Governmental Activities	
	2014	2013
Revenues		
Program revenues:		
Charges for services	$ 44,948,760	$ 44,068,025
Operating grants and contributions	33,096,456	33,304,392
Capital grants and contributions	36,540,480	30,132,207
General revenues:		
Property taxes	222,838,642	207,458,672
Sales taxes	4,214,553	2,956,560
Earnings on investments	880,712	963,652
Other	4,373,699	5,537,404
Total Revenues	346,893,302	324,420,912
Expenses		
General administration	47,178,578	42,034,040
Financial administration	9,809,215	8,849,251
Administration of justice	96,510,853	94,210,925
Construction and maintenance	57,430,317	50,078,091
Health and welfare	34,976,018	34,630,163
Cooperative services	1,152,222	1,067,104
Public safety	58,412,120	55,866,404
Parks and recreation	3,379,366	2,069,935
Libraries and education	17,170,818	16,156,200
Interest on long-term debt	14,836,824	15,536,759
Total Expenses	340,856,331	320,498,872
Change in Net Position	6,036,971	3,922,040
Net Position, Beginning	715,885,065	711,963,025
Net Position, Ending	$ 721,922,036	$ 715,885,065

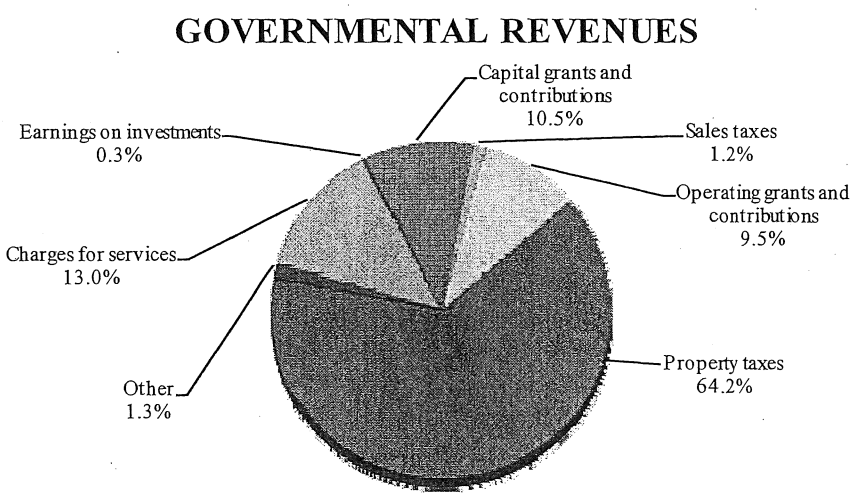
At the end of the current fiscal year, the County was able to report a positive balance in net position for the government as a whole. The same situation held true for the prior fiscal year.

Governmental activities increased the County's net position by $6.0 million. This increase is up from last year's increase of $3.9 million. The key elements of this change in net position are as follows:

- Increase in property taxes of $15.4 million due to an increase in property valuations.
- Increase in sales taxes of $1.3 million due to an increase in sales from current and new businesses located in the County Assistance Districts.
- Increase in capital grants and contributions of $6.4 million resulting from an increase in capital contributions of infrastructure of $8.0 million, a decrease in Texas Department of Transportation and local participation in mobility projects of $3.5 million, a donation in the current year of $3.5 million for the purchase of Gordon Ranch, and the absence of a $2.0 million donation for the Courthouse renovation that was received in the prior year.
- Decrease in other revenue of $1.2 million primarily due to a reduction in miscellaneous reimbursements for capital projects, refunds from accounts payable transactions, and forfeited asset revenue.

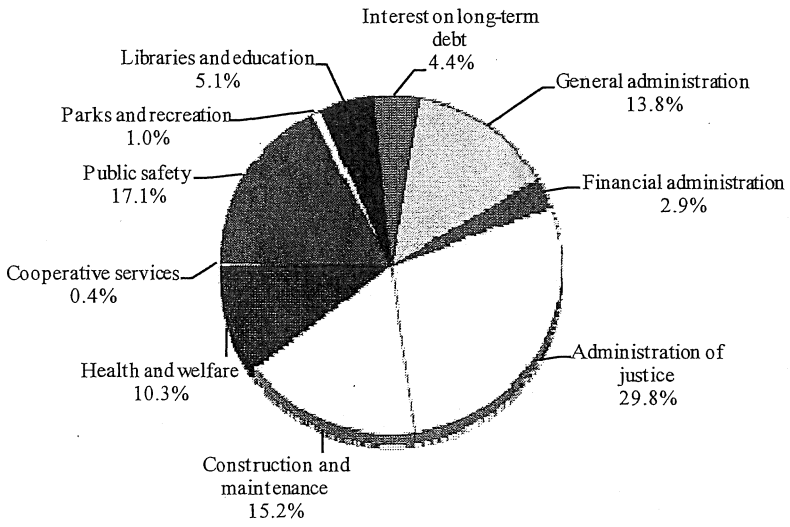
- General administration expenses increased by $5.1 million primarily due to the following:
  - Increase of $4.8 million in payroll and related costs due to personnel increases and movement of the jail maintenance responsibility to the facilities department.
  - Increase of $2.8 million due to TIRZ payments made in the current year.
  - Decrease of $2.2 million due to the movement of property/casualty/liability insurance activity from the General Fund to the Other Self-Funded Insurance internal service fund.
- Financial administration expenses increased by $1.0 million primarily due to the following:
  - Increase of $0.7 million in payroll and related costs.
- Administration of justice expenses increased by $2.3 million primarily due to the following:
  - Increase of $4.7 million in payroll and related costs.
  - Decrease of $0.8 million in fees due to elimination of the jail maintenance contract.
  - Decrease of $1.7 million in depreciation expense for facilities in prior years.
- Construction and maintenance expenses increased by $7.4 million primarily due to the following:
  - Increase of $8.1 million in fees due to an increase in payments made to other jurisdictions for contributions for infrastructure.
  - Increase of $1.2 million in depreciation due to the increase in completed projects.
  - Decrease of $2.0 million in depreciation expense for donated bridges in prior years.
- Public safety expenses increased by $2.5 million primarily due to the following:
  - Increase of $2.4 million in payroll and related costs.
- Parks and recreation expenses increased by $1.3 million primarily due to the following:
  - Increase of $0.4 million in payroll and related costs.
  - Increase of $0.6 million in depreciation expense for improvements to Freedom Park in prior years.
- Libraries and education expenses increased by $1.0 million primarily due to the following:
  - Increase of $0.6 million in payroll and related costs.
  - Increase of $0.1 million in depreciation expense.
  - Increase of $0.1 million in other operating expenses.
- Interest on long-term debt decreased by $0.7 million due to the scheduled reduction of outstanding debt.
- Transfers out increased by $3.8 million, primarily due to a transfer of $2.7 million to the Other Self-Funded Insurance internal service fund.

Governmental revenues for fiscal year 2014 are graphically displayed as follows:



Governmental functional expenses for fiscal year 2014 are graphically displayed as follows:

GOVERNMENTAL FUNCTIONAL EXPENSES



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 $79.2 million. Of this, $14.2 million is unassigned fund balance and available for day-to-day operations within the General Fund. $22.7 million is committed fund balance for capital projects within the General Fund. $41.8 million is restricted fund balance for General, Debt Service, and the non-major governmental funds in the amounts of $0.2 million, $2.8 million, and $38.8 million respectively. $0.4 million is nonspendable fund balance for the General Fund and the non-major governmental funds in the amount of $0.4 million and $45.4 thousand, respectively, for prepaid items.

There was a decrease in the combined fund balance of $13.6 million from the prior year for the governmental funds. This overall decrease was primarily due to a decrease in the non-major capital project funds of $20.9 million. Non-major special revenue funds increased by $6.9 million and the Debt Service Fund increased by $0.3 million. General Fund balance increased by $0.1 million which is down from the previous year's increase of $1.4 million. This net decrease in change in fund balance for General Fund of $1.3 million is primarily due to the following factors:

- Increase in General Fund property tax allocation of $12.5 million due to increased property valuations.
- Increase in fees of office collections of $2.2 million due to increase in services from all the governmental functions.
- Decrease in federal funds of $0.8 million primarily due to an increase in uncompensated care reimbursement from CMS for EMS of $1.4 million and a decrease in grant funding of $2.0 million.

- Increase in prisoner housing of $2.3 million due to increased housing of state and federal inmates.
- Decrease in state funds of $0.8 million primarily due to a reduction of right of way funding from Texas Department of Transportation.
- Decrease in local funds of $1.9 million primarily due to the absence of a $2.0 million donation for the Courthouse restoration.
- Increase in miscellaneous reimbursements of $2.4 million primarily due to an increase in capital project participation from other entities.
- General administration expenditures increased by $3.8 million primarily due to:
    - Increase of $2.8 million in TIRZ payments.
    - Increase of $2.1 million due to the movement of Jail Maintenance and Interdepartmental Construction cost centers to general administration from other governmental functions.
    - Decrease of $2.2 million due to the movement of property/casualty/liability activity from General Fund to Other Self-Funded Insurance internal service fund.
    - Increase of $1.1 million in retiree insurance and cost of living increase.
- Financial administration expenditures increased by $0.7 million primarily due to an increase in payroll and related costs of the Tax Assessor/Collector.
- Administration of justice expenditures increase by $3.0 million primarily due to additional employees and cost-of-living adjustments.
- Health and welfare expenditures increased by $2.1 million primarily due to:
    - Increase in payroll for EMS and 1115 Waiver projects of $1.2 million.
    - Increase in overtime for EMS of $0.4 million.
    - Increase in 1115 Waiver project expenses of $0.6 million.
- Public safety expenditures increased by $2.2 million primarily due to:
    - Increase of $2.0 million in payroll and related costs of patrol staff for the Sheriff's and Constables' Offices.
- Parks and recreation expenditures increased by $0.4 million primarily due to the costs of operating Gordon Ranch, which was purchased in the current year.
- Libraries and education increased by $0.6 million primarily due to an increase in payroll and related costs.

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 position balance at fiscal year-end of $0.9 million, which is a $1.5 million decrease from the prior year. This decrease was primarily caused by a budgeted reduction in net position from 2013. The Other Self-Funded Insurance Fund has a deficit net position balance of $2.8 million at fiscal year-end, which is a slight improvement over the previous year's deficit net position balance of $2.9 million. The allocation for the Other Self-Funded Insurance Fund will continue to be increased in future fiscal years to eliminate this deficit net position balance.

General Fund Budgetary Highlights

During the year there was a net decrease of $10.5 million in expenditure appropriations between the original and final amended budget. The main components of this decrease were based on the following: $2.7 million decrease for general administration; $0.4 million increase for administration of justice; $5.4 million decrease for health and welfare; $3.2 million decrease for public safety; $0.3 million decrease for libraries and education; and a $0.7 million increase for capital outlay.

General Fund revenues exceeded the amended budget by $8.6 million for the year. The reasons for this surplus are detailed as follows:

- Property taxes resulted in revenues of $3.8 million excess over budget due to an increased collection rate above what was projected.

- Fees and fines resulted in $3.2 million in excess revenues due to continued increased collections of fines, fees and court costs.
- Intergovernmental revenue resulted in $2.0 million in excess primarily due to increased housing of federal prisoners of $1.4 million and increased allotment from the Texas Indigent Defense Commission of $0.4 million.
- Miscellaneous revenue resulted in a shortfall of $0.4 million primarily due to reduced library fees assessed.

General Fund expenditures fell short of the amended budget by $1.3 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 for significant negative variances is detailed as follows:

- General administration had one budget shortfall within individual budget categories for Non-Departmental of $144,965. This shortfall did not cause an overall budget deficit within general administration, however, procedures have been put in place to prevent this in the future.
- Health and welfare had two minor budget shortfalls within individual budget categories for Ambulance-EMS and Public Transportation, of $87 and $815, respectively. These shortfalls did not cause an overall budget deficit within health and welfare, however, procedures have been put in place to prevent this in the future.
- Public safety had one minor budget shortfall within individual budget categories for Sheriff Enforcement Operating of $2,551. This shortfall did not cause an overall budget deficit within public safety, however, procedures have been put in place to prevent this in the future.
- Other financing (uses) had a budget shortfall of $3,032,697 in transfers (out). $2,722,000 of this was caused by the movement of the cost center for Property/Casualty/Liability insurance from the General Fund to an internal service fund.

Capital Assets and Debt Administration

Capital Assets - At the end of fiscal year 2014, the County's governmental activities had invested $1.2 billion in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents an increase of approximately $35.3 million over the previous fiscal year.

	Governmental Activities	
	2014	2013
Non-Depreciable Capital Assets		
Land	$ 383,045,250	$ 366,817,209
Construction in progress	34,795,920	38,166,402
Depreciable Capital Assets, Net		
Vehicles	13,382,605	12,309,823
Office furniture and equipment	7,197,175	8,290,442
Machinery and equipment	10,185,953	10,969,480
Buildings, facilities and improvements	264,701,569	249,108,374
Infrastructure	466,820,822	459,175,523
Totals	$ 1,180,129,294	$ 1,144,837,253

Construction in progress at year-end represents numerous ongoing projects, the largest of which are: Mobility Bond projects for $26.7 million; Westpark B frontage road project for $2.4 million; and Utility Relocation-Greenbusch project for $1.5 million.

Long-Term Debt - At the end of the current fiscal year, the County had total bonds outstanding of $330.1 million. This is a decrease of $17.4 million from the prior year due to the scheduled debt service payments made during fiscal year 2014. OPEB liability increased by $31.0 million based on the actuarial valuation dated September 30, 2014, to a total balance of $189.8 million.

	Governmental Activities	
	2014	2013
General obligation bonds	$ 330,110,000	$ 347,555,000
Premiums on bonds	17,598,537	17,257,865
Accrued compensated absences	6,536,895	5,970,991
Other post-employment benefits ("OPEB") obligation	189,759,358	158,780,332
Totals	$ 544,004,790	$ 529,564,188

The County received an insured rating of Aaa from Moody's and Standard and Poors on issuances prior to 2009. Subsequent County issuances were not insured and therefore retained the uninsured ratings. The uninsured ratings were as follows:

Moody's – Aa1
Fitch – 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 of 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, 2014, approximately $9.5 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, 2014, approximately $136.4 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 as the economy improves.

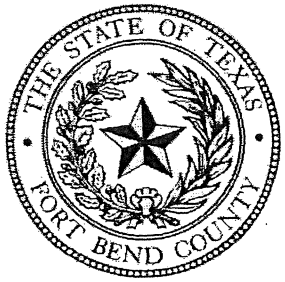
The population of the County is estimated at 652,365 in 2014 and is expected to grow to 776,950 by 2020.

The number of households has increased to 220,070 in 2015 and is expected to grow to 255,510 by 2020. Mean household income for 2015 is $172,088 and is estimated to rise to $204,744 by 2020. Income per capita is currently at $56,291 and is expected to grow to $67,786 by 2020.

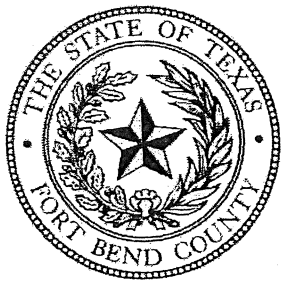
The Commissioners Court approved a $290.2 million total budget for the 2015 fiscal year. This is a 6.97% increase over the adopted 2014 fiscal year budget. The increase in the budget is primarily due to a County-wide cost of living increase along with capital outlay totaling $10.1 million. The overall tax rate decreased from $0.49976 per $100 of assessed valuation for 2014 to $0.49476 per $100 valuation for 2015.

Requests for Information

This financial report is designed to provide a general overview of Fort Bend County, Texas 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 701, 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 POSITION
September 30, 2014

	Primary Government	
	Governmental Activities	Component Units
Assets		
Cash and cash equivalents	$ 91,177,639	$ 94,300,493
Investments		450,783
Receivables:		
Property taxes, net	5,867,673	
Sales taxes	890,741	
Grants	9,041,303	
Fines and fees	4,319,143	
Other	5,033,192	3,682,110
Prepaid items	433,773	5,500
Due from Fort Bend Grand Parkway Toll Road Authority		167,765
Due from component units	3,292,500	
Capital assets, not being depreciated	417,841,170	18,519,599
Capital assets, net of accumulated depreciation	762,288,124	278,727,167
Total Assets	1,300,185,258	395,853,417
Deferred Outflows of Resources		
Deferred charges-debt refunding	319,879	10,850,203
Total Deferred Outflows of Resources	319,879	10,850,203
Liabilities		
Accounts payable and accrued expenses	28,662,152	3,900
Retainage payable	926,690	3,952,552
Accrued interest payable	1,288,111	1,172,852
Unearned revenues	2,955,972	
Due to primary government		3,292,500
Due to Fort Bend County Toll Road Authority		167,765
Due to other governments	745,386	
Long-term liabilities due within one-year	18,384,224	2,575,000
Long-term liabilities due in more than one-year	525,620,566	338,029,404
Total Liabilities	578,583,101	349,193,973
Net Position (Deficit)		
Net investment in capital assets	839,830,725	(15,540,863)
Restricted for:		
Debt service	1,753,831	9,451,906
Unrestricted	(119,662,520)	63,598,604
Total Net Position	$ 721,922,036	$ 57,509,647

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2014

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	$ 47,178,578	$ 8,323,648	$ 3,626,019	$ 3,500,000
Financial administration	9,809,215	6,497,643		
Administration of justice	96,510,853	8,400,556	10,213,349	
Construction and maintenance	57,430,317	6,759,102	372,129	32,683,107
Health and welfare	34,976,018	7,371,859	14,782,021	
Cooperative services	1,152,222		200	
Public safety	58,412,120	7,125,686	3,932,646	357,373
Parks and recreation	3,379,366	193,631	100,286	
Libraries and education	17,170,818	276,635	69,806	
Interest on long-term debt	14,836,824			
Total Primary Government	$ 340,856,331	$ 44,948,760	$ 33,096,456	$ 36,540,480
Component Units:				
FBC Surface Water Supply Corporation	$	$	$	$
FBC Toll Road Authority	14,683,931	23,724,115		
FB Grand Parkway Toll Road Authority	11,317,366	6,770,539		
FBC Housing Finance Corporation	18,072	53,919		
FBC Industrial Development Corporation	15,798			
Total Component Units	$ 26,035,167	$ 30,548,573	$	$
General Revenues:				
Property taxes, penalties, and interest				
Sales taxes				
Earnings on investments				
Miscellaneous				
Total General Revenues				
Changes in Net Position				
Net Position, Beginning of Year				
Net Position, End of Year				

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position	
Primary Government	Component Units
Governmental Activities	
$ (31,728,911)	$
(3,311,572)	
(77,896,948)	
(17,615,979)	
(12,822,138)	
(1,152,022)	
(46,996,415)	
(3,085,449)	
(16,824,377)	
(14,836,824)	
(226,270,635)	
	9,040,184
	(4,546,827)
	35,847
	(15,798)
	4,513,406
222,838,642	
4,214,553	
880,712	258,070
4,373,699	2,065
232,307,606	260,135
6,036,971	4,773,541
715,885,065	52,736,106
$ 721,922,036	$ 57,509,647

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2014

	General Fund	Debt Service Fund	Non-major Governmental Funds	Totals Governmental Funds
Assets				
Cash and cash equivalents	$ 39,695,212	$ 2,726,546	$ 44,803,106	$ 87,224,864
Taxes receivable, net	3,047,631	272,848	1,498,903	4,819,382
Penalties and interest receivable on delinquent taxes, net	1,650,574	14,562	273,896	1,939,032
Grants receivable	8,458,942		582,361	9,041,303
Fines and fees receivable	4,319,143			4,319,143
Other receivables	3,047,213	27,985	1,809,873	4,885,071
Due from other funds	5,700,282		18,781	5,719,063
Due from component units	3,292,500			3,292,500
Prepaid items	386,965		45,408	432,373
Total Assets	$ 69,598,462	$ 3,041,941	$ 49,032,328	$ 121,672,731
Liabilities				
Accounts payable	$ 15,509,675	$	$	$ 15,509,675
Accrued payroll	6,048,555			6,048,555
Retainage payable	191,129		735,561	926,690
Due to other funds	247,741		5,901,490	6,149,231
Due to other governments	745,386			745,386
Total Liabilities	22,742,486		6,637,051	29,379,537
Deferred Inflows of Resources				
Unavailable revenue-property taxes	3,047,631	272,848	608,162	3,928,641
Unavailable/unearned revenue-other	6,283,845	14,562	2,915,740	9,214,147
Total Deferred Inflows of Resources	9,331,476	287,410	3,523,902	13,142,788
Fund Balances				
Nonspendable	386,965		45,408	432,373
Restricted	209,080	2,754,531	38,829,136	41,792,747
Committed	22,676,941			22,676,941
Unassigned	14,251,514		(3,169)	14,248,345
Total Fund Balances	37,524,500	2,754,531	38,871,375	79,150,406
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 69,598,462	$ 3,041,941	$ 49,032,328	$ 121,672,731

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 POSITION
September 30, 2014

Total fund balances, governmental funds	$ 79,150,406
Amounts reported for governmental activities in the Statement of Net Position 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 Position.	1,179,490,463
Other long-term assets are not available to pay for current period expenditures and are therefore deferred in the funds.	10,186,816
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 Position.	(1,932,627)
Some liabilities 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 Position.	
Bonds payable	(330,110,000)
Deferred charges on debt refunding	319,879
Compensated absences	(6,536,895)
Other post-employment benefits ("OPEB") obligation	(189,759,358)
Premiums on issuance of debt	(17,598,537)
Accrued interest is not due and payable in the current period and therefore not reported in the funds.	(1,288,111)
Net Position of Governmental Activities	$ 721,922,036

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, 2014

	General Fund	Debt Service Fund	Non-major Governmental Funds	Totals Governmental Funds
Revenues				
Property taxes	$ 169,990,645	$ 32,594,407	$ 20,407,255	$ 222,992,307
Sales taxes			4,214,553	4,214,553
Fines and fees	34,136,127		10,970,406	45,106,533
Intergovernmental	23,252,647		13,646,448	36,899,095
Earnings on investments	589,520	26,112	232,902	848,534
Miscellaneous	6,601,567		1,641,703	8,243,270
Total Revenues	234,570,506	32,620,519	51,113,267	318,304,292
Expenditures				
Current:				
General administration	40,451,397		1,027,513	41,478,910
Financial administration	7,883,935		7,099	7,891,034
Administration of justice	57,156,400		20,085,753	77,242,153
Construction and maintenance	2,497,848		32,877,095	35,374,943
Health and welfare	27,026,085		3,241,146	30,267,231
Cooperative services	944,039			944,039
Public safety	46,011,792		677,103	46,688,895
Parks and recreation	2,411,558			2,411,558
Libraries and education	13,551,652		62,223	13,613,875
Capital Outlay	22,461,153		18,503,433	40,964,586
Debt Service:				
Principal		16,250,000		16,250,000
Interest and fiscal charges		15,893,399		15,893,399
Bond issuance costs		234,472		234,472
Total Expenditures	220,395,859	32,377,871	76,481,365	329,255,095
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,174,647	242,648	(25,368,098)	(10,950,803)
Other Financing Sources (Uses)				
Transfers in	9,784		11,761,360	11,771,144
Transfers (out)	(14,066,553)		(426,591)	(14,493,144)
Refunding bonds issued		18,900,000		18,900,000
Payment to refunded bond escrow agent		(21,065,913)		(21,065,913)
Premium on refunding bonds issued		2,202,026		2,202,026
Total Other Financing Sources (Uses)	(14,056,769)	36,113	11,334,769	(2,685,887)
Net Change in Fund Balances	117,878	278,761	(14,033,329)	(13,636,690)
Fund Balances, Beginning of Year	37,406,622	2,475,770	52,904,704	92,787,096
Fund Balances, End of Year	$ 37,524,500	$ 2,754,531	$ 38,871,375	$ 79,150,406

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, 2014

Net change in fund balances - total governmental funds	$ (13,636,690)
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 ($40,964,586) exceeded depreciation expense ($34,349,797) in the current period.	6,614,789
Capital contributions of infrastructure are reported in the government-wide financial statements but not in the fund financial statements.	28,972,177
Governmental funds report the entire net sales prices (proceeds) from the sales of capital assets as revenue because they provide current financial resources. The change in net position differs from the change in fund balance by the cost of capital assets sold.	(260,349)
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 position. Also, governmental funds report the effect of 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.	
Debt issued:	
General obligation bonds	(18,900,000)
Premium on bonds issued	(2,202,026)
Repayments:	
Principal repayments	16,250,000
Payment to escrow agent for refunding	21,065,913
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.	
Compensated absences	(565,904)
Accrued interest	80,726
Other post-employment benefit ("OPEB") obligation	(30,979,026)
Amortization of bond premiums	1,224,228
Amortization of deferred charge on refunding	(13,907)
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.	(153,665)
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.	(1,459,295)
Change in net position of governmental activities	$ 6,036,971

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS

STATEMENT OF NET POSITION (DEFICIT)
PROPRIETARY FUNDS
September 30, 2014

	Governmental Activities Internal Service Funds
Assets	
Current Assets:	
Cash and cash equivalents	$ 3,952,775
Prepaid expenses	1,400
Due from other funds	646,748
Other receivables	148,121
Total Current Assets	4,749,044
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	638,831
Total Noncurrent Assets	638,831
Total Assets	5,387,875
Liabilities	
Current Liabilities:	
Benefits payable	7,103,922
Due to other funds	216,580
Total Current Liabilities	7,320,502
Total Liabilities	7,320,502
Net Position (Deficit)	
Net investment in capital assets	638,831
Unrestricted	(2,571,458)
Total Net (Deficit)	$ (1,932,627)

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION (DEFICIT)
PROPRIETARY FUNDS
For the Year Ended September 30, 2014

	Governmental Activities
	Internal Service Funds
Operating Revenues	
Charges for services	$ 36,647,900
Total Operating Revenues	36,647,900
Operating Expenses	
Current operations - general administration	1,664,035
Benefits provided	39,197,341
Total Operating Expenses	40,861,376
Operating (Loss)	(4,213,476)
Non-Operating Revenues	
Earnings on investments	32,181
Total Non-Operating Revenues	32,181
(Loss) before transfers	(4,181,295)
Transfers in	2,722,000
Change in Net (Deficit)	(1,459,295)
Total Net (Deficit), Beginning of Year	(473,332)
Total Net (Deficit), End of Year	$ (1,932,627)

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, 2014

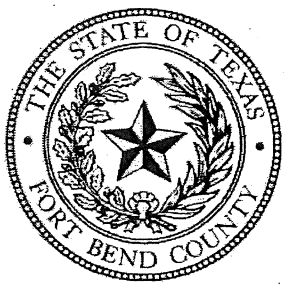
	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities	
Charges for services	$ 35,274,043
Payment of benefits	(38,655,219)
Payment of general administration expenses	(1,630,859)
Net Cash (Used) by Operating Activities	(5,012,035)
Cash Flows from Investing Activities	
Interest earned on investments	32,181
Net Cash Provided by Investing Activities	32,181
Cash Flows from Non-Capital Financing Activities:	
Transfers from other funds	2,722,000
Net Cash Provided by Non-Capital Financing Activites	2,722,000
Net (Decrease) in Cash and Cash Equivalents	(2,257,854)
Cash and Cash Equivalents, Beginning of Year	6,210,629
Cash and Cash Equivalents, End of Year	$ 3,952,775
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities	
Operating (Loss)	$ (4,213,476)
Adjustments to operations:	
Depreciation	34,576
Change in assets and liabilities:	
(Increase) in prepaid expenses	(1,400)
(Increase) in other receivables	(148,121)
Decrease in due from other funds	848,363
(Decrease) in due to other funds	(2,074,099)
Increase in benefits payable	542,122
Total Adjustments	(798,559)
Net Cash (Used) by Operating Activities	$ (5,012,035)

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2014

	Agency Funds
Assets	
Cash and cash equivalents	$ 29,999,468
Miscellaneous receivables	922,904
Total Assets	$ 30,922,372
Liabilities	
Due to other governments	$ 30,922,372
Total Liabilities	$ 30,922,372

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 POSITION (DEFICIT)
COMPONENT UNITS
September 30, 2014

	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	$ 7,729	$ 66,677,966	$ 27,306,476	$ 67,230	$ 241,092	$ 94,300,493
Investments				450,783		450,783
Due from Fort Bend Grand Parkway Toll Road Authority		167,765				167,765
Miscellaneous receivables		1,891,562	1,500,548	290,000		3,682,110
Prepaid items			5,500			5,500
Capital assets, not being depreciated		18,492,878	26,721			18,519,599
Capital assets, net of accumulated depreciation		145,293,941	133,433,226			278,727,167
Total Assets	7,729	232,524,112	162,272,471	808,013	241,092	395,853,417
Deferred Outflows of Resources						
Deferred charges-debt refunding		10,850,203				10,850,203
Total Deferred Outflows of Resources		10,850,203				10,850,203
Liabilities						
Accounts payable				3,900		3,900
Retainage payable			3,952,552			3,952,552
Due to Fort Bend County Toll Road Authority			167,765			167,765
Due to primary government		2,627,293	665,207			3,292,500
Accrued interest payable		574,502	598,350			1,172,852
Long-term liabilities:						
Due within one year		2,575,000				2,575,000
Due in more than one year		165,295,110	172,734,294			338,029,404
Total Liabilities		171,071,905	178,118,168	3,900		349,193,973
Net Position (Deficit)						
Net investment in capital assets		11,026,993	(26,567,856)			(15,540,863)
Restricted for:						
Debt service		2,915,323	6,536,583			9,451,906
Unrestricted	7,729	58,360,094	4,185,576	804,113	241,092	63,598,604
Total Net Position (Deficit)	$ 7,729	$ 72,302,410	$(15,845,697)	$ 804,113	$ 241,092	$ 57,509,647

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT)

COMPONENT UNITS

For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services
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	8,222,919	23,724,115
Interest on long-term debt	6,461,012	
Total Fort Bend County Toll Road Authority	14,683,931	23,724,115
Fort Bend Grand Parkway Toll Road Authority		
Toll road operations	4,684,647	6,770,539
Interest on long-term debt	6,632,719	
Total Fort Bend Grand Parkway Toll Road Authority	11,317,366	6,770,539
Fort Bend County Housing Finance Corporation		
General administration	18,072	53,919
Total Fort Bend County Housing Finance Corporation	18,072	53,919
Fort Bend County Industrial Development Corporation		
General administration	15,798	
Total Fort Bend County Industrial Development Corporation	15,798	
Totals Component Units	$ 26,035,167	$ 30,548,573
General Revenues:		
Earnings on investments		
Miscellaneous		
Total General Revenues		
Changes in Net Position (Deficit)		
Net Position (Deficit), Beginning of Year		
Net Position (Deficit), End of Year		

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position					
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
$	$	$	$	$	$
	15,501,196				15,501,196
	(6,461,012)				(6,461,012)
	9,040,184				9,040,184
		2,085,892			2,085,892
		(6,632,719)			(6,632,719)
		(4,546,827)			(4,546,827)
			35,847		35,847
			35,847		35,847
				(15,798)	(15,798)
				(15,798)	(15,798)
	9,040,184	(4,546,827)	35,847	(15,798)	4,513,406
19	175,305	81,124	781	841	258,070
	2,065				2,065
19	177,370	81,124	781	841	260,135
19	9,217,554	(4,465,703)	36,628	(14,957)	4,773,541
7,710	63,084,856	(11,379,994)	767,485	256,049	52,736,106
$ 7,729	$ 72,302,410	$ (15,845,697)	$ 804,113	$ 241,092	$ 57,509,647

The accompanying notes are an integral part of these financial statements.

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. The District's governing body is the same as the County's and there is a financial benefit relationship between the County and the District. Financial information for the District is available at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

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 Fort Bend County Drainage District. Commissioners Court appoints the Board of Directors and approves all budgets and expenditures. The Corporation provides services entirely to the County and the debt service of the Corporation is repaid entirely by the County. Financial information for the FBFCWSC is available at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

Fort Bend County Assistance Districts ("CADs")
The CADs are special districts authorized for creation by counties under chapter 387 of the Texas Local Government Code. CADs have the power to impose a sales and use tax for the following purposes: (1) the construction or maintenance of roads and highways; (2) provision of law enforcement and detention services; (3) maintenance or improvement of libraries, museums, parks or other recreational facilities; (4) provision of services that benefit the public health and welfare, including fire-fighting services; and (5) promotion of economic development and tourism. Currently there are five CADs (#1, #2, #4, #5, and #6) within Fort Bend County. CADs are political subdivisions of the state and each CAD has its own governing body, which is a five member Board of Directors. Each CADs' governing body is the same as the County's and there is a financial benefit relationship between the County and the CAD. Financial information is available at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

Discretely Presented Component Units

Discretely presented component units are presented in a separate column in the government-wide financial 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 government-wide financial statements:

Fort Bend County Toll Road Authority ("FBCTRA")
The FBCTRA is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. It was created to assist in the planning, designing, financing and building of county roads and highways. In particular, the FBCTRA 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 Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

Fort Bend Grand Parkway Toll Road Authority ("FBGPTRA")
The FBGPTRA is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. It was created to assist in the planning, designing, financing and building of county roads and highways. In particular, the FBGPTRA 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 Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

Fort Bend County Surface Water Supply Corporation ("FBCSWSC")
The FBCSWSC was established for the purpose of conducting a feasibility study of a surface water facility in the area. Currently, its 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 Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

Fort Bend County Housing Finance Corporation ("FBCHFC")
The FBCHFC was established under the Texas Housing Finance Corporation Act. It 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 FBCHFC do not constitute a debt or a pledge of faith by the FBCHFC, 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. Financial information is available by contacting the Fort Bend County Housing Finance Corporation, Thomas Shirley – President, 2214 Avenue H, Rosenberg, Texas 77471.

Fort Bend County Industrial Development Corporation ("FBCIDC")
The FBCIDC was established under the Development Corporation Act of 1979 ("Act"). It 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 FBCIDC do not constitute a debt or a pledge of faith by the FBCIDC, 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. Financial information is available at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

B. Implementation of New Standards

In the current fiscal year, the County implemented the following new standard:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB 65 is reflected in the financial statements and notes to financial statements.

Also, with this implementation, deferred charges, which consist of bond issuance costs and were amortized over the term of the bonds, are no longer recognized, but are accounted for as an expense in the period incurred. Therefore, the beginning net position on the Statement of Activities has been adjusted to reflect the portion of deferred charges that were incurred in prior years. The impact of the implementation of GASB 65 is a decrease of $3,397,939 in beginning net position.

C. 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 activities; therefore no business-type activities are presented within the basic financial statements. In the government-wide Statement of Net Position, 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 position is not presented. All assets reported in agency funds should be offset by a corresponding liability, resulting in zero net position.

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, deferred inflows of resources, 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: Unlimited Tax Road Bonds Series 2006, Unlimited Tax Road Bonds Series 2007, Fort Bend Flood Control Water Supply Corporation Refunding Bonds Series 2010, Facilities Limited Tax Bonds Series 2007, Unlimited Tax Road Bonds Series 2009, Justice Center Limited Tax Bonds Series 2009, Unlimited Tax Road Refunding Series 2009, Unlimited Tax Road Bonds Series 2012, and Unlimited Tax Road Refunding Series 2014. Revenues in this fund are comprised of property taxes levied against property located in the County. These funds are restricted for the payment of debt service obligations.

The County also reports the following fund 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.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 fund balance.

The government-wide statements of net position 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 position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

The accounts of the Governmental Fund Types (the General Fund, Special Revenue Funds, Debt Service Fund, 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 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 financial statements of the proprietary fund types and certain component units 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.

E. 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. Significant encumbrances outstanding at year-end are represented in aggregate within the respective fund balance category (restricted or committed) on the face of the balance sheet. Additional information regarding significant encumbrances is included in Note 12 on page 57 in the section entitled "Committed to". Unencumbered appropriations lapse at the end of the fiscal year.

F. 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.

G. 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.

H. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

I. 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.

J. Capital Assets

Capital assets used in governmental and proprietary fund types of the government are recorded as expenditures of the General, Special Revenue, Capital Projects, and Internal Service Funds and as capital 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 an 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 any resulting gain or loss is included in the results of operations.

The County applies a half-year convention for depreciation on all capital 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	5 to 39 years
Infrastructure	20 to 45 years

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide

statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County does not have any items that qualify for reporting in this category.

L. 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. 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 a component unit).

M. 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.

N. 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.

O. Net Position and Fund Balance

Net Position Classifications

Net position in government-wide financial statements are classified in three categories: 1) Net investment in capital assets, 2) Restricted net position, and 3) Unrestricted net position. Net position is shown as restricted if constraints placed on use are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Classifications

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. Fund balances are required to be reported according to the following classifications:

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. When restricted and unrestricted fund balance exists for the same purpose, restricted fund balance will be used first.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by the County's Board. The commitment of fund balance requires the highest level action of the Board to constitute a binding constraint on fund balance as defined by Texas Local Government Code 111.010 (d). This statute provides that the Commissioners Court (County's Board) by order may amend the budget to transfer an amount budgeted for one item to another budgeted item without authorizing an emergency expenditure. This can only be achieved by majority vote of approval of the County's Board. Commitments may only be changed or lifted by majority vote of approval of the County's Board. The proposed action of the Board with regard to creation or modification of a commitment must also be clearly posted on the Board's agenda in advance of taking any action.

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 (a) 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. As of the date of this report, the County's Board has not authorized any other official to have the authority to assign fund balance; therefore the assignment of fund balance must be made by approval of the Board.

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.

When various unrestricted fund balance is available for the same purpose, the County will use committed fund balance first, assigned fund balance next, and unassigned fund balance last.

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.

P. 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.

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 expenditures/expenses during the reporting period. Actual amounts could differ from those estimates.

R. Date of Managements' Review

In preparing the financial statements, the County has evaluated events and transactions for potential recognition or disclosure through March 20, 2015, 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 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.

Commissioners Court has adopted a written investment policy regarding the investment of its funds as defined by the PFIA. 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 PFIA, 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, 2014.

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 privately-managed public funds investment pool accounts.

As of September 30, 2014, 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 as of year-end, excluding agency funds:

	Governmental Funds	Internal Service Funds	Totals Governmental Activities	Component Units	Totals
Cash deposits	$ 86,571,161	$3,917,476	$ 90,488,637	$ 83,388,760	$173,877,397
Investment pools:					
Texas CLASS	645,291	34,290	679,581	290,453	970,034
TexasTERM	3,354		3,354	1,007	4,361
LOGIC	5,058	1,009	6,067	1,015	7,082
Wells Fargo 100% Treasury Money Market Fund				895,130	895,130
Wells Fargo Government Money Market Fund				9,724,128	9,724,128
Totals cash and cash equivalents	87,224,864	3,952,775	91,177,639	94,300,493	185,478,132
Certificates of deposit				450,783	450,783
Totals Cash and Investments	$ 87,224,864	$3,952,775	$ 91,177,639	$ 94,751,276	$185,928,915

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 PFIA. 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.

The TexasTERM Local Government Investment Pool ("TexasTERM") is organized in conformity with the PFIA. 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, 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 PFIA. The Pool was created in April, 1994 through a contract among its participating governmental units, and is governed by a board of directors, 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.

Wells Fargo 100% Treasury Money Market Fund seeks current income exempt from most state and local individual income taxes, while preserving capital and liquidity. It invests in high-quality, short-term money market instruments that consist of U.S. Treasury obligations.

Wells Fargo Government Money Market Fund seeks current income, while preserving capital and liquidity. It invests in high-quality, short-term money market instruments that consist of U.S. Government obligations and repurchase agreements collateralized by U.S. Government obligations.

C. Interest Rate Risk

As of 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	$ 450,783	74	3.7%
Investment pools:			
Texas CLASS	970,034	43	8.1%
TexasTERM	4,361	47	0.0%
LOGIC	7,082	59	0.1%
Wells Fargo 100% Treasury Money Market Fund	895,130	50	7.4%
Wells Fargo Government Money Market Fund	9,724,128	33	80.7%
Total Fair Value	$ 12,051,518		
Portfolio weighted average maturity		37	

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.

D. Credit Risk

The County's investment policy does not require investments to hold certain credit ratings issued by nationally recognized statistical rating organizations. As of September 30, 2014, the County's investments in Texas CLASS, TexasTERM, and LOGIC were rated "AAAm" by Standard and Poor's. The County's investments in both Wells Fargo Money Market Funds were rated "AAAm" and "Aaa-mf" by Standard and Poor's and Moody's Investments, respectively.

E. 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, 2014, were as follows:

	Governmental Activities			
	General Fund	Debt Service Fund	Non-major Governmental Funds	Totals
Receivables:				
Property taxes	$ 3,386,257	$ 303,164	$ 675,736	$ 4,365,157
Sales taxes			890,741	890,741
Penalties and interest on delinquent taxes	1,833,971	16,180	304,328	2,154,479
Grants	8,458,942		582,361	9,041,303
Fines and fees	4,319,143			4,319,143
Other	3,047,213	27,985	1,809,873	4,885,071
Gross receivables	21,045,526	347,329	4,263,039	25,655,894
Less: allowance for uncollectibles	(522,023)	(31,934)	(98,006)	(651,963)
Totals	$ 20,523,503	$ 315,395	$ 4,165,033	$ 25,003,931

Governmental funds report unavailable 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, 2014, the various components of unavailable revenue reported in the governmental funds are as follows:

	Unavailable	Unearned
Delinquent property taxes (General Fund)	$ 3,047,631	$
Delinquent property taxes (Road and Bridge Fund)	461,471	
Delinquent property taxes (Drainage District Fund)	146,691	
Delinquent property taxes (Debt Service Fund)	272,848	
Penalties and interest on delinquent taxes	1,939,032	
Fines and fees (General Fund)	4,319,143	
Grant funds received prior to meeting all eligibility requirements		2,955,972
Total unavailable/unearned revenue for governmental funds	$ 10,186,816	$ 2,955,972

NOTE 4 – PROPERTY TAXES

The County's tax year covers the period October 1st through September 30th. 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 1st of that calendar year. Such taxes become delinquent on February 1st 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. 2013 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 2014 fiscal year (2013 tax year), the County levied

property taxes of $0.49976 per $100 of assessed valuation. The 2013 rates resulted in total adjusted tax levies of approximately $220.7 million based on a total adjusted valuation of approximately $42.0 billion. The total tax rate in the 2013 tax year was prorated as follows:

	2013 Rate	2013 Limit
General, certain Special Revenue and Debt Service Funds	$ 0.48476	$ 0.80000
Fort Bend County Drainage District	$ 0.01500	$ 0.25000
Total Tax Rate	$ 0.49976	$ 1.05000

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. As of September 30, 2014, the interfund receivables and payables were as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 5,700,282	$ 247,741
Non-major Governmental Funds	18,781	5,901,490
	5,719,063	6,149,231
Internal Service Funds	646,748	216,580
Total Governmental Activities	$ 6,365,811	$ 6,365,811

Transfers totaling approximately $14.5 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	$ 9,784	$ 14,066,553
Non-major Governmental Funds	11,761,360	426,591
	11,771,144	14,493,144
Internal Service Funds	2,722,000	
Total Governmental Activities	$ 14,493,144	$ 14,493,144

NOTE 6 – CAPITAL ASSETS

A summary of changes in the primary government's capital assets for the year ended September 30, 2014, is as follows:

	Primary Government			
	Balances 10/1/13	Increases	Decreases	Balances 9/30/14
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 366,817,209	$ 16,228,041	$	$ 383,045,250
Construction in progress	38,166,402	34,666,373	(38,036,855)	34,795,920
Total capital assets not being depreciated	404,983,611	50,894,414	(38,036,855)	417,841,170
Depreciable capital assets:				
Vehicles	30,988,379	5,210,039	(1,987,258)	34,211,160
Office furniture and equipment	29,967,508	2,609,676	(553,745)	32,023,439
Machinery and equipment	26,008,756	1,120,880	(921,321)	26,208,315
Buildings, facilities and improvements	324,255,367	24,182,273	(342,493)	348,095,147
Infrastructure	610,319,068	24,014,143	(2,883,150)	631,450,061
Total other capital assets	1,021,539,078	57,137,011	(6,687,967)	1,071,988,122
Accumulated depreciation for:				
Vehicles	(18,678,556)	(4,057,832)	1,907,833	(20,828,555)
Office furniture and equipment	(21,677,066)	(3,700,075)	550,877	(24,826,264)
Machinery and equipment	(15,039,276)	(1,713,621)	730,535	(16,022,362)
Buildings, facilities and improvements	(75,146,993)	(8,544,000)	297,415	(83,393,578)
Infrastructure	(151,143,545)	(16,368,845)	2,883,151	(164,629,239)
Total accumulated depreciation	(281,685,436)	(34,384,373)	6,369,811	(309,699,998)
Depreciable capital assets, net	739,853,642	22,752,638	(318,156)	762,288,124
Total governmental activities capital assets, net	$1,144,837,253	$ 73,647,052	$ (38,355,011)	$1,180,129,294

Depreciation expenses were charged to the following functions in the statement of activities:

Fiscal Year 2014 Depreciation Expense	
General administration	$ 1,680,320
Financial administration	362,771
Administration of justice	5,817,376
Construction and maintenance	18,664,998
Health and welfare	1,892,472
Cooperative services	70,458
Public safety	3,590,777
Parks and recreation	661,313
Library	1,609,312
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	34,576
Total Depreciation Expense	$ 34,384,373

Construction in progress and remaining commitments under related construction contracts for general government construction projects as of September 30, 2014, is as follows:

2014 CONSTRUCTION COSTS

Project	Balances 10/1/13	Increases-Retainage Included	Decreases-Capitalizations	Balances 9/30/14	Remaining Commitments
2011 5307 Capital	$	$ 183,175	$	$ 183,175	$
Barker Cypress Park Lighting	139,731		(139,731)		8,382
Beechnut Improvements		56,673	(56,673)		38,105
Big Creek		216,555	(216,555)		286,360
Big Creek FBFCWSC - Bonds		31,950	(31,950)		688,384
Bridge Construction		55,980	(7,633)	48,347	8,155
Bud O'Sheiles Bldg. Fdn. Repair		122,800		122,800	
CAD Expansion	709,690	2,557,838	(3,267,528)		67,893
Courthouse Renovation Project	3,936,110	1,550,957	(5,487,067)		180,664
Crabb River Road Expansion	652,760	20,987		673,747	263,343
Facilities Tracking Software					21,950
Fairgrounds Renovations	203,876	367,396		571,272	1,089
FM762 Landscaping	17,239	204,515		221,754	
Freedom Park Storage Bldg.		11,201		11,201	
Ft Bend Senior Meals on Wheels		77,420		77,420	
Fuel Site Upgrades	28,031			28,031	
Gapps Slough	72,114	9,374		81,488	2,511
Gordon Ranch		82,636		82,636	
IT Hardware Infrastructure	63,978			63,978	183,983
Jail Expansion Prop 1 - Bonds		178,763		178,763	
Jail Repairs Project		83,300		83,300	
Kitty Hollow Park Infrastructure	22,279	427,156	(449,435)		59,560
Library Admin Building - George Fnd. Grant	9,383		(9,383)		99,889
Library Administration Building	1,551,294	2,411,393	(3,962,687)		1,891,860
Mobility Projects - Bonds	16,785,803	21,494,675	(11,531,806)	26,748,672	17,050,272
Pedestrian Mall	11,983	588,859	(600,842)		2,077
Phone System Upgrade	970,377	24,750	(995,127)		31,333
Senior Citizens' Community Center	1,980,497	565,169	(2,545,666)		376,767
Sienna Parkway Project		198,843		198,843	
Stafford Run Project	603,569	111,468		715,037	109,172
Traffic Signals		495,102		495,102	118,138
Travis Building Renovation	120,737	204,319		325,056	3,673
Utility Relocation - Greenbusch	1,496,929			1,496,929	
Utility Relocation - West Belfort	20,560			20,560	
Wespark B Frontage Roads	1,977,855	389,954		2,367,809	2,035,698
Projects Completed in FY2014	6,791,607	1,943,165	(8,734,772)		
Totals	$ 38,166,402	$ 34,666,373	$ (38,036,855)	$ 34,795,920	$ 23,529,258

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, 2014, is as follows:

	Discretely Presented Component Units			
	Balances 10/1/13	Increases	Decreases	Balances 9/30/14
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 12,440,939	$ 56,489	$	$ 12,497,428
Construction in progress	125,020,551	39,787,302	(158,785,682)	6,022,171
Total capital assets not being depreciated	137,461,490	39,843,791	(158,785,682)	18,519,599
Depreciable capital assets:				
Infrastructure	158,727,154	158,785,682		317,512,836
Total other capital assets	158,727,154	158,785,682		317,512,836
Accumulated depreciation for:				
Infrastructure	(32,930,172)	(5,855,497)		(38,785,669)
Total accumulated depreciation	(32,930,172)	(5,855,497)		(38,785,669)
Depreciable capital assets, net	125,796,982	152,930,185		278,727,167
Total Governmental Activities capital assets, net	$ 263,258,472	$ 192,773,976	$ (158,785,682)	$ 297,246,766

Depreciation expense for the Fort Bend County Toll Road Authority and the Fort Bend Grand Parkway Toll Road Authority totaled $5,855,497 for fiscal year 2014.

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 as of September 30, 2014, are as follows:

2014 CONSTRUCTION COSTS

Project	Balances 10/1/13	Increases-Retainage Included	Decreases-Capitalizations	Balances 9/30/14	Remaining Commitments
Fort Bend County Toll Road Authority	$ 22,719,851	$ 6,943,327	$ (23,663,428)	$ 5,999,750	$ 4,223,791
Fort Bend Grand Parkway Toll Road Authority	102,300,700	32,843,975	(135,122,254)	22,421	7,342,145
Totals	$ 125,020,551	$ 39,787,302	$(158,785,682)	$ 6,022,171	$ 11,565,936

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 as of September 30, 2014, 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	2015	$ 1,345,000
26,000,000	Unlimited Tax Road Bonds, Series 2007	4.00 - 4.25	2027	19,170,000
126,675,000	Facilities Limited Tax Bonds, Series 2007	4.00 - 5.00	2031	114,310,000
48,940,000	Unlimited Tax Road Bonds, Series 2009	3.00 - 5.00	2029	40,245,000
73,430,000	Justice Center Limited Tax Bonds, Series 2009	3.00 - 5.25	2030	62,215,000
20,780,000	Unlimited Tax Road Refunding Bonds, Series 2009	3.00 - 5.00	2021	12,900,000
9,675,000	Fort Bend Flood Control Water Supply Refunding Bonds, Series 2010	2.50 - 4.00	2021	6,665,000
58,220,000	Unlimited Tax Road Bonds, Series 2012	2.00 - 5.00	2032	54,360,000
18,900,000	Unlimited Tax Road Refunding Bonds, Series 2014	1.00 - 5.00	2026	18,900,000
	Total General Obligation Bonds			$ 330,110,000

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 Refunding Bonds were issued to refund and defease the FBFCWSC's outstanding Revenue Bonds, Series 2001, which were originally issued to fund the improvement of Big Creek as a component of the Drainage District infrastructure.

On April 3, 2014, Fort Bend County issued $18,900,000 of Unlimited Tax Road Refunding Bonds to refund and defease a material portion of the Unlimited Tax Road Bonds, Series 2006 of $20,095,000. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by $2,820,553, and resulted in an economic gain of $2,620,016.

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.

A summary of long-term liability transactions of the County for the year ended September 30, 2014, follows:

	Balances 10/1/13	Additions	Retirements	Balances 9/30/14	Amounts Due Within One Year
Bonds payable:					
General obligation bonds	$ 347,555,000	$ 18,900,000	$(36,345,000)	$ 330,110,000	$ 16,750,000
Premiums on bonds	17,257,865	2,202,026	(1,861,354)	17,598,537	
Total bonds payable	364,812,865	21,102,026	(38,206,354)	347,708,537	16,750,000
Accrued compensated absences	5,970,991	7,271,775	(6,705,871)	6,536,895	1,634,224
Other post-employment benefits ("OPEB") obligation	158,780,332	35,741,230	(4,762,204)	189,759,358	
Total Long-Term Liabilities	$ 529,564,188	$ 64,115,031	$(49,674,429)	$ 544,004,790	$ 18,384,224

Bonded debt is funded primarily by property taxes from the Debt Service Fund. Accrued compensated absences are payable by the fund in which the individual positions are budgeted. General Fund and the Drainage District Fund have been used to fund current OPEB costs. As of the date of this report, the long-term portion of the OPEB liability is not funded.

Annual debt service requirements to maturity for the general obligation bonds are summarized as follows:

	Principal	Interest	Totals
2015	$ 16,750,000	$ 15,135,154	$ 31,885,154
2016	17,310,000	14,476,191	31,786,191
2017	17,445,000	13,764,929	31,209,929
2018	18,055,000	13,007,835	31,062,835
2019	18,730,000	12,180,116	30,910,116
2020-2024	97,890,000	46,950,532	144,840,532
2025-2029	107,060,000	21,870,775	128,930,775
2030-2032	36,870,000	2,010,644	38,880,644
Totals	$ 330,110,000	$ 139,396,176	$ 469,506,176

Discretely presented component units long-term bonded debt as of September 30, 2014, is listed below:

Discretely Presented Component Units				
Original Issue	Description	Interest Rate %	Matures	Debt Outstanding
Fort Bend County Toll Road Authority:				
Revenue Bonds				
$ 72,195,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2004	4.00 - 5.00	2015	$ 1,520,000
30,775,000	Senior Lien Toll Road Revenue Bonds, Series 2012	2.00 - 4.125	2040	30,775,000
116,940,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Refunding Bonds Series 2012	3.125 - 5.00	2032	116,940,000
	Total Revenue Bonds			$ 149,235,000
Fort Bend Grand Parkway Toll Road Authority:				
Revenue Bonds				
$ 155,085,000	Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012	3.00 - 5.00	2046	$ 155,085,000
	Total Revenue Bonds			$ 155,085,000

A summary of long-term liability transactions of the discretely presented component units for the year ended September 30, 2014, follows:

Fort Bend County Toll Road Authority:

	Balances 10/1/13	Additions	Retirements	Balances 9/30/14	Amounts Due Within One Year
Revenue bonds	$ 151,580,000	$	$ (2,345,000)	$ 149,235,000	$ 2,575,000
Premiums on bonds	20,052,142		(1,117,852)	18,934,290	
Discounts on bonds	(310,836)		11,656	(299,180)	
Total Long-Term Liabilities	$ 171,321,306	$	$ (3,451,196)	$ 167,870,110	$ 2,575,000

Fort Bend Grand Parkway Toll Road Authority:

	Balances 10/1/13	Additions	Retirements	Balances 9/30/14	Amounts Due Within One Year
Revenue bonds	$ 155,085,000	$	$	$ 155,085,000	$
Premiums on bonds	18,202,275		(552,981)	17,649,294	
Total Long-Term Liabilities	$ 173,287,275	$	$ (552,981)	$ 172,734,294	$

Annual debt service requirements to maturity for the revenue bonds are summarized as follows:

Fort Bend County Toll Road Authority:

	Principal	Interest	Totals
2015	$ 2,575,000	$ 6,834,925	$ 9,409,925
2016	3,745,000	6,705,875	10,450,875
2017	4,470,000	6,552,225	11,022,225
2018	5,315,000	6,343,712	11,658,712
2019	5,850,000	6,107,337	11,957,337
2020-2024	35,560,000	25,953,197	61,513,197
2025-2029	45,390,000	16,340,913	61,730,913
2030-2034	35,880,000	5,050,594	40,930,594
2035-2039	8,535,000	1,292,563	9,827,563
2040	1,915,000	39,497	1,954,497
Totals	$ 149,235,000	$ 81,220,838	$ 230,455,838

Fort Bend Grand Parkway Toll Road Authority:

	Principal	Interest	Totals
2015	$	$ 7,180,200	$ 7,180,200
2016		7,180,200	7,180,200
2017		7,180,200	7,180,200
2018		7,180,200	7,180,200
2019		7,180,200	7,180,200
2020-2024	11,015,000	35,016,375	46,031,375
2025-2029	21,625,000	30,589,725	52,214,725
2030-2034	26,585,000	25,358,725	51,943,725
2035-2039	33,610,000	18,034,500	51,644,500
2040-2044	42,610,000	8,715,875	51,325,875
2045-2046	19,640,000	793,200	20,433,200
Totals	$ 155,085,000	$ 154,409,400	$ 309,494,400

B. Conduit Debt – Component Units

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, 2014, $9,527,745 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. As of September 30, 2014, $136,372,737 of total bonds are outstanding.

B. Defeasance of Debt

In fiscal year 2014, the County defeased a large portion of the Unlimited Tax Road Bonds, Series 2006 by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service on the refunded bonds. The trust account assets and the liability for the defeased bonds are not included in the County's basic financial statements. As of September 30, 2014, the outstanding balance of these bonds was $20,095,000.

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 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.

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 12.21% for calendar year 2014. The contribution rate payable by the employee members is 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 2014 was $119.9 million and the County's contributions were based on a payroll of $117.5 million. Contributions made by employees totaled $8.2 million, and the County made contributions of $14.1 million during the fiscal year ended September 30, 2014.

Three-year trend information for the pension plan is presented below:

	2014	2013	2012
Annual Pension Cost ("APC")	$ 14,139,360	$ 12,681,672	$ 12,127,523
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation at the End of Period	0	0	0

For the year ended September 30, 2014, the pension cost for the TCDRS plan and the actual contributions made were $14,139,360. Because all contributions are made as required, no pension obligation existed at September 30, 2014.

Actuarial Information	12/31/2013
Actuarial cost method	Entry age
Amortization method	level percentage of payroll, closed
Amortization period	20 years
Asset valuation method	SAF: 5-year smoothed value ESF: Fund value
Assumptions:	
Investment return	8.0%
Projected salary increases	4.9%
Inflation	3.0%
Cost-of-living adjustments	0.0%

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	12/31/2013
Actuarial value of assets	$ 317,963,410
Actuarial accrued liability ("AAL")	$ 378,799,769
liability ("UAAL" or "OAAL")	$ 60,836,359
Funded ratio	83.94%
Annual covered payroll (actuarial)	$ 112,043,745
UAAL or OAAL as % of covered payroll	54.30%

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 ("OPEB")

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.

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. As of September 30, 2014, there were 687 retirees receiving benefits and approximately 2,577 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 2014 are as follows:

C. Annual OPEB Costs and Net OPEB Obligation

For fiscal year 2014, the County's annual OPEB cost for the Plan was $35,741,230. 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, 2014, were as follows:

	Fiscal Year Ending 9/30/14
Determination of Annual Required Contribution	
Normal Cost at Fiscal Year End	$ 20,168,775
Amortization of Unfunded Actuarial Accrued Liability	18,050,360
Annual Required Contribution ("ARC")	38,219,135
Determination of Net OPEB Obligation	
Annual Required Contribution	38,219,135
Interest on prior-year Net OPEB Obligation	6,351,213
Adjustment to ARC	(8,829,118)
Annual OPEB Cost	35,741,230
Less Assumed Contributions Made	(4,762,204)
Estimated Increase in Net OPEB Obligation	30,979,026
Net OPEB Obligation - Beginning of Year	158,780,332
Net OPEB Obligation - End of Year	$ 189,759,358
Percentage of OPEB Cost Contributed	13.3%

D. Trend Information

The following table shows the estimated 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
2012	4%	$ 32,376,384	12.7%	$ 130,029,910
2013	4%	$ 33,507,178	14.2%	$ 158,780,332
2014	4%	$ 35,741,230	13.3%	$ 189,759,358

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, 2013
Actuarial value of plan assets (a)	$	0
Actuarial accrued liability ("AAL") (b)	$	283,630,840
Unfunded/(Overfunded) actuarial accrued liability ("UAAL" or "OAAL") (b-a)	$	283,630,840
Funded Ratio (a/b)		0.0%
Annual Covered Payroll (c)	$	112,043,745
UAAL or OAAL as % of covered payroll ((b-a)/c)		253.1%

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 the following:

- Healthcare cost trend rates:
  - Pre-65 trend begins at 6.2% in fiscal year 2011 and falls to 4.7% in 2089.
  - Post-65 trend begins at 6.2% in fiscal year 2011 and falls to 4.8% in 2099.
  - Dental trend begins at 5.86% in fiscal year 2011 and falls to 3.95% in 2024.
- 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.
- 2.75% inflation rate.
- No projected salary increases.

NOTE 11 – NET PENSION OBLIGATION AND OTHER POST-EMPLOYEMENT 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 the General Fund and the Drainage District Fund. The Drainage District Fund 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 the General Fund.

NOTE 12 – FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned, as described in Note 1. Fund balances for all the major and non-major governmental funds as of September 30, 2014, were distributed as follows:

	General Fund	Debt Service Fund	Non-major Governmental Funds	Totals
Nonspendable:				
Prepaid items	$ 386,965	$	$ 45,408	$ 432,373
Subtotal	386,965		45,408	432,373
Restricted for:				
General administration	1,889		3,579,078	3,580,967
Financial administration			108	108
Administration of justice	153,610		2,735,650	2,889,260
Construction and maintenance			29,920,445	29,920,445
Health and welfare	40,445		202,614	243,059
Public safety			2,261,615	2,261,615
Cooperative services	13,136			13,136
Library			129,626	129,626
Debt service		2,754,531		2,754,531
Subtotal	209,080	2,754,531	38,829,136	41,792,747
Committed to:				
Facility construction/renovation	4,585,960			4,585,960
Mobility road projects	1,813,551			1,813,551
Community development	30,000			30,000
Parks and Fairgrounds renovations	1,704,192			1,704,192
Pedestrian Mall	125,343			125,343
IT Infrastructure	1,107,822			1,107,822
Radio replacement	3,000,000			3,000,000
Software projects	2,569,881			2,569,881
Right-of-way acquisitions	7,740,192			7,740,192
Subtotal	22,676,941			22,676,941
Unassigned	14,251,514		(3,169)	14,248,345
Total Fund Balances	$ 37,524,500	$ 2,754,531	$ 38,871,375	$ 79,150,406

NOTE 13 – CONTINGENCIES AND COMMITMENTS

A. Construction Contract Commitments

The County had several capital improvement commitments as of September 30, 2014. 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, 2014.

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.

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 ("IBNR"). 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. A summary of the changes in the balances of claims liabilities for the years ended September 30, 2014 and 2013 is as follows:

Employee Benefits:

	Year ended 9/30/2014	Year ended 9/30/2013
Unpaid claims, beginning of year	$ 3,083,926	$ 1,694,834
Incurred claims (including IBNRs)	30,024,806	27,718,103
Claim payments	(29,454,801)	(26,329,011)
Unpaid claims, end of year	$ 3,653,931	$ 3,083,926

Other Insurance:

	Year ended 9/30/2014	Year ended 9/30/2013
Unpaid claims, beginning of year	$ 3,477,874	$ 3,685,926
Incurred claims (including IBNRs)	527,651	342,318
Claim payments	(555,534)	(550,370)
Unpaid claims, end of year	$ 3,449,991	$ 3,477,874

NOTE 15 – DEFICIT NET POSITION

As of September 30, 2014, Other Self-Funded Insurance Fund has a deficit net position of $2,846,843. The growth in the deficit was eliminated in 2014 with the increased allocation by management. Management increased the allocation in 2015 to eliminate the deficit net position by the end of fiscal year 2017.

As of September 30, 2014, the Fort Bend Grand Parkway Toll Road Authority has a deficit net position of $15,845,697. This is caused by the issuance of bonds for the construction of the tolled overpasses along State Highway 99. Operating revenues from toll collections began in February 2014. Therefore, sufficient assets have not yet been generated to offset the liabilities, resulting in a deficit net position.

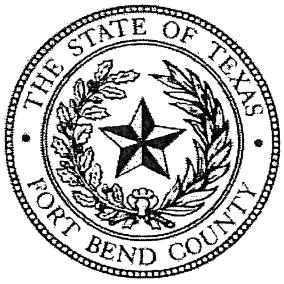
NOTE 16 – RESTATEMENT OF BEGINNING NET POSITION

During the 2014 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, machinery and equipment, building, facilities and improvements, and infrastructure by ($2,641,981), ($147,316), ($159,901), $111,261, $845,097, and $704,586 respectively. Accumulated depreciation has been restated for vehicles, office furniture and equipment, machinery and equipment, building, facilities and improvements, and infrastructure by $37,087, $29,480, ($37,087), ($2,557,470) and $147,011 respectively. Therefore, governmental activities total beginning net position was decreased by $3,669,233.

NOTE 17 – SUBSEQUENT EVENTS

Fort Bend County is in the process of issuing the Series 2015A bonds of $50,910,000 for the construction, purchase, maintenance and operation of macadamized, graveled and paved roads and turnpikes, and advance refunding and defeasing $16,840,000 of the County's Unlimited Tax Road Bonds, Series 2007, in order to lower the overall annual debt service requirements of the County, and to pay the costs of issuance of the Bonds. The County is also in the process of issuing the Series 2015B Bonds for the purpose of advance refunding and defeasing $100,470,000 of the County's Limited Tax Bonds, Series 2007, in order to lower the overall annual debt service requirements of the County, and to pay the costs of issuance of the Bonds. Both of these issuances are scheduled to close May 13, 2015.

The Fort Bend County Toll Road Authority issued $45 million in first lien revenue bonds in December, 2014 to finance the construction of the Highway 6 overpass ($33 million), purchase of right-of-way for Westpark-B extensions ($11 million) and toll conversion project for Parkway-A and Westpark-A ($4 million). This series was sold at a premium to allow funding for all components. The Authority plans to issue between $60.1 million and $68.5 million in first lien revenue bonds in the summer of 2015 for phase one of the Westpark Toll Way extension.


THE STATE OF TEXAS
FORT BEND COUNTY

Required Supplementary Information

FORT BEND COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Revenues				
Property taxes	$ 166,202,765	$ 166,202,765	$ 169,990,645	$ 3,787,880
Fines and fees	23,856,500	23,869,645	27,043,543	3,173,898
Intergovernmental	2,615,000	4,576,379	6,616,551	2,040,172
Earnings on investments	602,325	602,325	589,520	(12,805)
Miscellaneous	3,343,500	6,840,114	6,466,624	(373,490)
Total Revenues	196,620,090	202,091,228	210,706,883	8,615,655
Expenditures				
General Administration				
County Judge:				
Salaries and personnel costs	595,565	595,565	592,975	2,590
Operating costs	15,010	15,010	11,446	3,564
Information technology costs	160	160	108	52
Commissioner Precinct 1:				
Salaries and personnel costs	400,215	400,215	397,974	2,241
Operating costs	13,534	12,910	10,735	2,175
Information technology costs		1,105	1,105	
Commissioner Precinct 2:				
Salaries and personnel costs	542,360	539,360	532,289	7,071
Operating costs	22,888	25,048	22,483	2,565
Information technology costs		840	838	2
Commissioner Precinct 3:				
Salaries and personnel costs	432,431	432,431	429,429	3,002
Operating costs	45,281	40,081	30,672	9,409
Information technology costs		5,200	4,362	838
Commissioner Precinct 4:				
Salaries and personnel costs	382,134	382,134	375,823	6,311
Operating costs	11,682	11,618	6,448	5,170
Information technology costs		64	64	
County Clerk:				
Salaries and personnel costs	3,327,164	3,233,895	3,230,330	3,565
Operating costs	74,177	74,177	71,072	3,105
Information technology costs	3,000	3,000	1,396	1,604
Non-Departmental:				
Salaries and personnel costs	4,092,800	4,092,800	4,092,757	43
Operating costs	7,790,509	6,340,922	6,299,670	41,252
Information technology costs		1,643	693	950
Capital acquisitions		3,590,000	3,734,965	(144,965)
Risk Management/Insurance:				
Salaries and personnel costs	641,764	641,764	634,853	6,911
Operating costs	165,306	163,006	137,658	25,348
Information technology costs		2,300	1,648	652
Property/Casualty/Liability:				
Operating costs	2,732,000			
Information technology costs	10,000			
Capital acquisitions	80,000			

FORT BEND COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Elections Administrator:				
Salaries and personnel costs	585,134	559,753	559,082	671
Operating costs	174,464	174,464	167,985	6,479
Elections Services:				
Salaries and personnel costs	327,450	269,450	268,551	899
Operating costs	279,250	164,250	138,264	25,986
Information technology costs	4,000	4,000	2,895	1,105
Human Resources:				
Salaries and personnel costs	721,292	721,292	715,301	5,991
Operating costs	133,300	114,700	108,559	6,141
Information technology costs		600	428	172
Vehicle Maintenance:				
Salaries and personnel costs	783,629	673,992	673,276	716
Operating costs	(3,378,397)	(1,046,571)	(1,175,835)	129,264
Information technology costs	2,162	7,525	7,524	1
Capital acquisitions	2,421,734	515,492	515,492	
Fleet Management:				
Operating costs		1		1
Capital acquisitions		1,200		1,200
Records Management:				
Salaries and personnel costs	344,412	344,412	343,601	811
Operating costs	16,292	16,292	9,547	6,745
Information technology costs	2,691	2,691		2,691
Capital acquisitions	6,500			
Central Mailroom:				
Salaries and personnel costs	185,402	185,402	175,966	9,436
Operating costs	554,311	554,311	549,139	5,172
Facilities Management and Planning:				
Salaries and personnel costs	563,045	569,140	569,140	
Operating costs	48,049	33,602	32,001	1,601
Information technology costs		9,205	9,073	132
Capital acquisitions		5,242	5,242	
Facilities Maintenance:				
Salaries and personnel costs	645,167	602,353	601,632	721
Operating costs	642,818	719,008	698,610	20,398
Information technology costs		1,617	1,617	
Facilities Operations:				
Salaries and personnel costs	186,880	190,278	190,277	1
Operating costs	3,997,754	3,888,415	3,878,087	10,328
Capital acquisitions		17,339	17,339	
Janitorial:				
Salaries and personnel costs	525,546	479,105	478,251	854
Operating costs	442,559	455,787	451,445	4,342
Jail Maintenance:				
Salaries and personnel costs	400,996	434,676	434,675	1
Operating costs	682,758	746,028	742,417	3,611
Information technology costs	15,800	40,500	39,720	780
Capital acquisitions	65,200	7,230	7,230	

FORT BEND COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Interdepartmental Construction:				
Salaries and personnel costs	937,602	859,898	859,821	77
Operating costs	35,800	35,800	33,384	2,416
County Attorney:				
Salaries and personnel costs	1,931,095	1,895,030	1,894,643	387
Operating costs	133,665	116,260	100,789	15,471
Information technology costs	7,447	9,852	6,422	3,430
Information Technology:				
Salaries and personnel costs	4,138,905	4,008,257	4,008,067	190
Operating costs	2,375,570	2,161,376	2,097,219	64,157
Information technology costs	24,480	46,679	45,588	1,091
Capital acquisitions		51,158	50,887	271
Purchasing:				
Salaries and personnel costs	739,893	739,893	730,535	9,358
Operating costs	26,096	28,198	27,357	841
Information technology costs		2,215	1,562	653
Capital Outlay-General Fund:				
Capital acquisitions	3,721,735			
Total General Administration	46,830,466	42,022,645	41,694,598	328,047
Financial Administration				
County Auditor:				
Salaries and personnel costs	1,903,405	1,891,539	1,883,570	7,969
Operating costs	24,635	22,935	18,119	4,816
Information technology costs	500	2,200	2,106	94
County Treasurer:				
Salaries and personnel costs	685,297	685,297	681,458	3,839
Operating costs	176,910	216,110	199,597	16,513
Information technology costs		500	330	170
Court Collections:				
Salaries and personnel costs	110,689	110,689	105,910	4,779
Operating costs	15,650	15,590	14,658	932
Information technology costs		60	60	
EMS Collections:				
Salaries and personnel costs	386,535	386,535	380,764	5,771
Operating costs	78,063	146,463	137,426	9,037
Information technology costs		1,600	856	744
Tax Assessor/Collector:				
Salaries and personnel costs	3,726,944	3,716,637	3,710,724	5,913
Operating costs	304,804	283,001	282,671	330
Information technology costs	2,686	7,101	6,866	235
Capital acquisitions		17,388	17,388	
Budget Office:				
Salaries and personnel costs	449,969	449,969	447,968	2,001
Operating costs	13,402	13,336	10,786	2,550
Information technology costs		66	66	
Total Financial Administration	7,879,489	7,967,016	7,901,323	65,693

FORT BEND COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Administration of Justice				
County Court-at-Law #1:				
Salaries and personnel costs	484,398	497,955	488,908	9,047
Operating costs	230,600	414,681	414,679	2
Capital acquisitions	526	526	526	
County Court-at-Law #2:				
Salaries and personnel costs	485,390	490,448	487,059	3,389
Operating costs	229,630	398,112	398,112	
County Court-at-Law #3:				
Salaries and personnel costs	502,044	506,044	500,818	5,226
Operating costs	229,875	580,189	579,994	195
Information technology costs	80	798	142	656
County Court-at-Law #4:				
Salaries and personnel costs	496,807	496,807	490,332	6,475
Operating costs	226,323	849,142	848,698	444
Capital acquisitions		550	526	24
Associate County Court-at-Law:				
Salaries and personnel costs	230,853	230,853	226,469	4,384
Operating costs	15,844	19,326	19,223	103
Information technology costs		600	518	82
240th District Court:				
Salaries and personnel costs	247,402	247,402	243,948	3,454
Operating costs	221,596	753,802	753,760	42
268th District Court:				
Salaries and personnel costs	247,340	240,820	239,143	1,677
Operating costs	241,552	438,505	438,485	20
328th District Court:				
Salaries and personnel costs	402,590	402,590	397,993	4,597
Operating costs	225,000	375,568	375,567	1
Information technology costs		456	456	
387th District Court:				
Salaries and personnel costs	399,193	399,193	396,312	2,881
Operating costs	156,500	189,747	189,625	122
400th District Court:				
Salaries and personnel costs	248,973	248,973	246,885	2,088
Operating costs	220,500	628,920	626,627	2,293
Capital acquisitions	533	533		533
434th District Court:				
Salaries and personnel costs	248,219	249,619	247,544	2,075
Operating costs	227,700	1,733,496	1,732,831	665
Child Support:				
Salaries and personnel costs	426,871	419,247	415,028	4,219
Operating costs	16,691	16,691	15,005	1,686

FORT BEND COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
District Clerk:				
Salaries and personnel costs	3,561,004	3,485,801	3,484,903	898
Operating costs	173,018	166,200	156,569	9,631
Information technology costs	3,450	25,268	23,952	1,316
Capital acquisitions	7,640			
District Clerk Jury Payments:				
Operating costs	275,000	235,000	234,270	730
Justice of the Peace Precinct #1, Place 1:				
Salaries and personnel costs	452,021	452,021	444,945	7,076
Operating costs	11,133	11,133	10,247	886
Justice of the Peace Precinct #1, Place 2:				
Salaries and personnel costs	607,972	592,544	591,699	845
Operating costs	17,999	17,999	17,773	226
Justice of the Peace Precinct #2:				
Salaries and personnel costs	488,688	444,065	443,874	191
Operating costs	20,505	19,955	17,165	2,790
Information technology costs		550	452	98
Justice of the Peace Precinct #3:				
Salaries and personnel costs	552,823	552,823	550,246	2,577
Operating costs	10,950	10,927	8,701	2,226
Information technology costs		23	23	
Justice of the Peace Precinct #4:				
Salaries and personnel costs	433,057	433,057	426,287	6,770
Operating costs	14,070	16,670	12,468	4,202
Bail Bond Board:				
Salaries and personnel costs	80,035	80,035	79,396	639
Operating costs	5,514	5,468	2,674	2,794
Information technology costs		46	45	1
District Attorney:				
Salaries and personnel costs	7,529,502	7,415,841	7,415,054	787
Operating costs	409,327	237,190	228,416	8,774
Capital acquisitions	7,640	24,069	23,304	765
Public Defender - Mental Health:				
Salaries and personnel costs	412,634	386,261	385,435	826
Operating costs	196,470	35,672	31,611	4,061
Information technology costs		111	86	25
District Judges Fees/Services:				
Operating costs	3,000,000			
Sheriff Detention Operating:				
Salaries and personnel costs	21,831,889	21,464,976	21,464,092	884
Operating costs	5,189,916	5,382,811	5,293,160	89,651
Information technology costs	19,010	19,010	17,192	1,818
Capital acquisitions	12,312	12,312	8,841	3,471
Sheriff - Bailiffs:				
Salaries and personnel costs	2,358,245	2,391,771	2,383,774	7,997
Operating costs	39,720	44,763	39,661	5,102
Information technology costs		927	420	507

FORT BEND COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
240th,400th Dist Ct Assoc Jdg:				
Salaries and personnel costs	312,880	256,900	253,640	3,260
Operating costs	28,398	20,333	17,934	2,399
Information technology costs	150	150	142	8
Indigent Defense Program:				
Salaries and personnel costs	190,424	199,988	198,148	1,840
Operating costs	45,209	65,345	65,345	
Information technology costs	774	946	946	
Behavioral Health Services:				
Salaries and personnel costs	187,882	187,882	184,467	3,415
Operating costs	6,562	6,596	5,300	1,296
Information technology costs	774	740	65	675
268th,434th Dist Ct Assoc Jdg:				
Salaries and personnel costs		72,417	72,417	
Operating costs		25,142	19,985	5,157
Information technology costs		7,255	7,075	180
Capital acquisitions		500		500
Death Investigators:				
Operating costs	24,350	24,350	22,429	1,921
Adult Probation Operating:				
Salaries and personnel costs	59,151	62,795	59,316	3,479
Operating costs	83,988	78,388	71,985	6,403
Capital acquisitions		5,600	5,383	217
CSR Program:				
Salaries and personnel costs	286,005	259,005	251,796	7,209
Operating costs	10,091	10,091	8,629	1,462
Drug Court - County:				
Operating costs	55,000	55,000	50,297	4,703
Juvenile Truancy Court:				
Salaries and personnel costs	294,750	297,470	292,943	4,527
Operating costs	10,080	9,616	9,214	402
Information technology costs	2,256			
Total Administration of Justice	55,983,298	56,443,401	56,169,404	273,997
Construction and Maintenance				
Carpenter Shop:				
Salaries and personnel costs		2,065	2,064	1
Engineering:				
Salaries and personnel costs	1,755,172	1,759,439	1,757,466	1,973
Operating costs	403,365	281,396	248,312	33,084
Information technology costs	16,115	22,115	14,977	7,138
Capital acquisitions		50,993	50,993	
Landfill:				
Salaries and personnel costs	41,963	41,963	35,221	6,742
Operating costs	90,940	90,940	67,513	23,427

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Recycling Center:				
Salaries and personnel costs	128,212	122,663	112,773	9,890
Operating costs	19,314	19,314	16,769	2,545
Household/Ag Waste Program:				
Salaries and personnel costs	43,787	24,787	23,796	991
Operating costs	50,720	50,720	43,020	7,700
Total Construction and Maintenance	2,549,588	2,466,395	2,372,904	93,491
Health and Welfare				
Ambulance - EMS:				
Salaries and personnel costs	7,990,362	7,728,337	7,728,424	(87)
Operating costs	1,349,127	1,101,709	1,041,413	60,296
Information technology costs	22,990	150,410	150,410	
Capital acquisitions	422,870	739,490	736,579	2,911
Public Transportation:				
Salaries and personnel costs		12,013	12,828	(815)
Operating costs	4,096,095	12,090	4,410	7,680
Health Department - County:				
Salaries and personnel costs	513,381	399,870	399,801	69
Operating costs	39,720	39,470	28,373	11,097
Information technology costs		250	211	39
Clinical Health Immunization:				
Salaries and personnel costs	268,692	285,860	285,860	
Operating costs	28,168	28,168	14,674	13,494
Animal Control:				
Salaries and personnel costs	677,939	643,457	633,530	9,927
Operating costs	145,368	145,370	113,152	32,218
Information technology costs		14,549	13,081	1,468
Capital acquisitions		35,960	35,960	
Health and Human Services:				
Salaries and personnel costs	453,796	453,796	449,596	4,200
Operating costs	412,340	616,760	613,715	3,045
Information technology costs		1,000	982	18
Capital acquisitions		4,030	4,029	1
Senior Center:				
Salaries and personnel costs	181,334	181,406	180,963	443
Operating costs	19,900	21,900	19,885	2,015
Information technology costs	100	100	97	3
Environmental Services:				
Salaries and personnel costs	1,242,181	1,192,454	1,192,306	148
Operating costs	205,015	143,848	132,376	11,472
Information technology costs	1,624	17,960	17,886	74
Capital acquisitions		63,380	63,379	1
CIHC Coordinator - County:				
Salaries and personnel costs	552,413	506,651	506,640	11
Operating costs	2,127,163	1,287,323	1,276,289	11,034
Information technology costs		400	400	
Capital acquisitions		440		440

FORT BEND COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Social Services:				
Salaries and personnel costs	657,266	638,245	627,908	10,337
Operating costs	246,004	216,364	214,916	1,448
Capital acquisitions		690	690	
Total Health and Welfare	21,653,848	16,683,750	16,500,763	182,987
Cooperative Services				
Extension Service:				
Salaries and personnel costs	483,696	440,935	440,237	698
Operating costs	324,092	324,092	303,437	20,655
Veterans Service:				
Salaries and personnel costs	191,911	191,911	191,688	223
Operating costs	11,208	11,208	8,386	2,822
Total Cooperative Services	1,010,907	968,146	943,748	24,398
Public Safety				
Civil Service Commission:				
Salaries and personnel costs	76,607	76,607	76,173	434
Operating costs	15,200	15,200	4,649	10,551
Information technology costs	130	130	71	59
Fire Marshal:				
Salaries and personnel costs	822,743	797,728	793,781	3,947
Operating costs	1,708,387	1,618,898	1,606,576	12,322
Information technology costs	345	9,488	9,205	283
Capital acquisitions		108,633	108,632	1
Department of Public Safety:				
Salaries and personnel costs	110,354	110,354	110,035	319
Operating costs	6,462	6,462	5,840	622
Information technology costs	500	500	496	4
DPS - License and Weight:				
Operating costs	3,833	3,833	3,060	773
Information technology costs	305	305	282	23
Constable Precinct #1:				
Salaries and personnel costs	1,411,010	1,412,394	1,411,861	533
Operating costs	331,921	176,988	175,782	1,206
Capital acquisitions		149,222	149,222	
Constable Precinct #2:				
Salaries and personnel costs	1,344,536	1,345,739	1,344,177	1,562
Operating costs	232,237	159,313	148,169	11,144
Information technology costs	7,850	1,416	1,415	1
Capital acquisitions		85,764	85,752	12
Constable Precinct #3:				
Salaries and personnel costs	891,072	885,084	884,570	514
Operating costs	252,617	110,431	99,031	11,400
Capital acquisitions		142,186	142,185	1

FORT BEND COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Constable Precinct #4:				
Salaries and personnel costs	862,136	854,909	854,748	161
Operating costs	237,357	50,546	47,356	3,190
Information technology costs		300	227	73
Capital acquisitions		192,031	192,030	1
Sheriff Enforcement Operating:				
Salaries and personnel costs	27,034,330	25,877,362	25,876,611	751
Operating costs	4,876,061	3,584,368	3,484,522	99,846
Information technology costs	57,263	79,730	74,146	5,584
Capital acquisitions	98,309	1,260,490	1,263,041	(2,551)
Commissary Administration:				
Salaries and personnel costs	151,518	29,429	29,340	89
Operating costs		6,031	6,031	
Capital acquisitions		38,552	38,491	61
Emergency Management - County:				
Salaries and personnel costs	465,854	467,716	463,091	4,625
Operating costs	112,660	109,998	99,060	10,938
Information technology costs		800	745	55
Total Public Safety	41,111,597	39,768,937	39,590,403	178,534
Parks and Recreation				
Fairgrounds:				
Salaries and personnel costs	402,319	379,660	371,995	7,665
Operating costs	52,750	82,882	79,316	3,566
Information technology costs		256	256	
Capital acquisitions	12,333	82,817	82,817	
Jones Creek Ranch:				
Salaries and personnel costs		155,038	154,865	173
Operating costs		83,200	65,807	17,393
Information technology costs		3,000	2,911	89
Capital acquisitions		175,400	170,968	4,432
Parks Department:				
Salaries and personnel costs	1,167,177	1,067,059	1,066,557	502
Operating costs	715,567	591,895	532,765	59,130
Information technology costs		6,948	5,677	1,271
Capital acquisitions		105,567	104,130	1,437
Total Parks and Recreation	2,350,146	2,733,722	2,638,064	95,658
Libraries and Education				
County Library Operating:.				
Salaries and personnel costs	10,640,549	10,400,678	10,400,248	430
Operating costs	3,064,104	3,032,170	2,996,406	35,764
Information technology costs	167,280	151,195	151,154	41
Capital acquisitions	31,500	87,932	87,930	2
Total Libraries and Education	13,903,433	13,671,975	13,635,738	36,237
Total Expenditures	193,272,772	182,725,987	181,446,945	1,279,042

FORT BEND COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Excess of Revenues Over Expenditures	3,347,318	19,365,241	29,259,938	9,894,697
Other Financing (Uses)				
Transfers (out)	(11,087,006)	(11,033,856)	(14,066,553)	(3,032,697)
Total Other Financing (Uses)	(11,087,006)	(11,033,856)	(14,066,553)	(3,032,697)
Net Change in Fund Balance-Budgetary Basis	(7,739,688)	8,331,385	15,193,385	6,862,000
Net Adjustment to Reflect Operations in Accordance with GAAP (a)			(15,075,507)	
Fund Balance, Beginning of Year	37,406,622	37,406,622	37,406,622	
Fund Balance, End of Year	$ 29,666,934	$ 45,738,007	$ 37,524,500	$ 6,862,000

(a) See reconciliation on page 73.

Budgets

Formal budgets are legally adopted on a GAAP basis for the General Fund, certain Special Revenue Funds and all Debt Service Funds except for the Fort Bend Parkway Road District Unlimited Tax Bonds Debt Service Fund. The debt service requirements relating to the Parkway bonds are funded solely from property taxes levied on property within the Road District. The County does not present any major Special Revenue Funds as of September 30, 2014, regardless of whether there is a legally adopted budget.

Formal budgets (annualized budgeting) are not adopted in the Capital Projects Funds. Effective budgetary control in those funds is achieved through individual project budgeting in conformance with the provisions of bond orders and other sources.

The County Budget Officer prepares the proposed budget and submits the data to the Commissioners Court. A public hearing is held on the budget before finalizing it. The 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 year, appropriations of the budgeted funds cannot exceed the available fund balances in such funds at October 1, plus the estimated revenues for the ensuing year. During the year, the Court may increase budgeted revenues and expenditures for unexpected revenues or beginning fund balances in excess of budget estimates, provided the Court rules that a state of emergency exists. The legal level of budgetary control takes place at the major operating group level within each department. The four major operating groups are: salary and personnel costs, operating and training costs, information technology costs, and capital acquisition costs. Budgetary transfers between major operating groups within each department require Commissioners Court approval.

Amounts reported in the accompanying financial statements represent the original budgeted amount plus all supplemental appropriations.

Budgetary Basis

Fort Bend County budgets for operational and capital activity through the fiscal year budget process for the General Fund, Road & Bridge, Drainage, and Debt Service Fund. The General Fund includes a multi-year budget that is not confined to the fiscal year ending September 30. This multi-year budget is used to account for capital projects, grants, and other activity expanding beyond the fiscal year. The funding for these projects and grants originates from a prior or current fiscal year budget allocation that is then transferred to the multi-year project budget. The following schedule shows a reconciliation of the actual activity in the General Fund in the fiscal year from a budgetary to GAAP basis.

	Actual Amounts Budgetary Basis	Actual Multi-Year	Actual Amounts GAAP Basis
General Fund			
Revenues	$ 210,706,883	$ 23,863,623	$ 234,570,506
Expenditures	181,446,945	38,948,914	220,395,859
Excess (Deficiency) of Revenues Over (Under) Expenditures	29,259,938	(15,085,291)	14,174,647
Other Financing Sources (Uses)			
Transfers in		9,784	9,784
Transfers (out)	(14,066,553)		(14,066,553)
Total Other Financing Sources (Uses)	(14,066,553)	9,784	(14,056,769)
Net Change in Fund Balance	15,193,385	(15,075,507)	117,878
Fund Balance, Beginning of Year			37,406,622
Fund Balance, End of Year			$ 37,524,500

Excess of Expenditures over Appropriations

For the year ended September 30, 2014, significant variances where expenditures exceeded appropriations in the following budget categories are detailed below:

General Fund:	
General Administration:	
Non-Departmental - Capital acquisitions	$ 144,965
Other Financing (Uses)	
Transfers (out)	3,032,697
Debt Service Fund:	
Total expenditures	28,323

All of the excess expenditures above were funded by other budget categories within those departments or categories. The excess expenditures in Non-Departmental – Capital acquisitions was caused by corrections made for capital acquisition costs made by the Other Self-Funded Insurance Fund (an Internal Service Fund). The excess expenditures in Other Financing (Uses) – Transfers out were caused by an unbudgeted transfer to fund the property and casualty claims in the Other Self-funded Insurance Fund. The excess expenditures in the Debt Service Fund were caused by the bond issuance costs of the 2014 Unlimited Tax Road Refunding Bonds, which were unbudgeted.

FORT BEND COUNTY, TEXAS

REQUIRED PENSION SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
September 30, 2014

Schedule of Funding Information

Actuarial valuation date	12/31/2011	12/31/2012	12/31/2013
Actuarial value of assets	$ 277,022,916	$ 293,944,235	$ 317,963,410
Actuarial accrued liability ("AAL")	$ 334,116,854	$ 357,211,910	$ 378,799,769
liability ("UAAL" or "OAAL")	$ 57,093,938	$ 63,267,675	$ 60,836,359
Funded ratio	82.91%	82.29%	83.94%
Annual covered payroll (actuarial)	$ 108,712,740	$ 109,715,087	$ 112,043,745
UAAL or OAAL as % of covered payroll	52.52%	57.67%	54.30%

FORT BEND COUNTY, TEXAS

REQUIRED OTHER POST EMPLOYMENT BENEFIT SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FORT BEND COUNTY EMPLOYEE BENEFIT PLAN
September 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Discount Rate	Actuarial Accrued Liability ("AAL") (b)	Unfunded Actuarial Accrued Liability ("UAAL") (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as % of Covered Payroll
10/1/2007	$ 0	4.0%	$ 207,157,655	$ 207,157,655	0.0%	$ 92,096,921	224.9%
10/1/2009	$ 0	4.0%	$ 240,282,297	$ 240,282,297	0.0%	$ 104,983,019	228.9%
10/1/2011	$ 0	4.0%	$ 255,897,447	$ 255,897,447	0.0%	$ 108,712,740	235.4%
10/1/2013	$ 0	4.0%	$ 283,630,840	$ 283,630,840	0.0%	$ 112,043,745	253.1%

Note: Actuarial information is only available for Fort Bend County back to fiscal year 2008, the year that the County implemented GASB 45.

APPENDIX B

EXCERPTS FROM THE AUTHORITY'S FINANCIAL REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2014

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Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Fort Bend County Toll Road Authority
Fort Bend County, Texas

We have audited the accompanying financial statements of the Fort Bend County Toll Road Authority (the "Authority") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fort Bend County Toll Road Authority as of September 30, 2014, 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.

Emphasis of Matter

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, 2014, 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. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory and other supplementary information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and other supplementary information 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.

Sugar Land, Texas
March 12, 2015

FORT BEND COUNTY TOLL ROAD AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Fort Bend County Toll Road Authority (the "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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements include two components: the enterprise fund financial statements; and notes to the financial statements.

Enterprise Fund Financial Statements

The Fort Bend County Toll Road Authority is a local government corporation and a component unit of Fort Bend County (the "County"). It is a single-purpose government with one business-type activity. Because the Authority is a single-purpose government, this report only includes the required Management Discussion and Analysis, the Enterprise Fund financial statements and the notes to the financial statements. The Enterprise Fund financial statements consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The enterprise fund financial statements, which can be found on pages 11 through 13 of this report, are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to private-sector businesses.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the enterprise fund financial statements. The notes to the financial statements can be found on pages 14 through 20 of this report.

Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by $72,302,410 at the close of the most recent fiscal year.

FORT BEND COUNTY TOLL ROAD AUTHORITY
CONDENSED STATEMENT OF NET POSITION
September 30, 2014 and 2013

	2014	2013
Current and other assets	$ 68,737,293	$ 65,076,646
Capital assets, net	163,786,819	160,953,472
Total Assets	232,524,112	226,030,118
Total Deferred Outflow of Resources	10,850,203	11,460,051
Long-term liabilities	167,870,110	171,321,306
Other liabilities	3,201,795	3,084,007
Total Liabilities	171,071,905	174,405,313
Net Position:		
Net investment in capital assets	11,026,993	12,201,229
Restricted	2,915,323	2,592,517
Unrestricted	58,360,094	48,291,110
Total Net Position	$ 72,302,410	$ 63,084,856

As of September 30, 2014, the Authority's net position included $11,026,993 for investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Authority uses capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Authority'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.

An additional portion of the Authority net position, $2,915,323, is restricted. This amount represents funds held by a trustee for debt service payments. The remaining balance of $58,360,094 is unrestricted.

The Authority's assets exceeded its liabilities by $72,302,410, resulting in an increase in net position of $9,217,554 from the prior year. This increase is a result of an increase in revenues due primarily to increased utilization of the Fort Bend County Toll Road System, offset by a slight increase in operating expenses, as shown on the next page. The growth in net position is being maintained in the revenue fund for future maintenance and construction.

FORT BEND COUNTY TOLL ROAD AUTHORITY
STATEMENT OF CHANGES IN NET POSITION
For the years ended September 30, 2014 and 2013

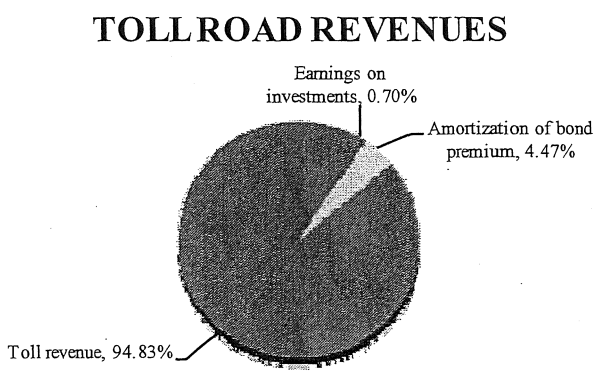
	2014	2013
Revenues		
Operating revenues:		
Toll revenue	$ 23,724,115	$ 21,853,536
Non-operating revenues:		
Earnings on investments	175,305	180,323
Amortization of bond premium	1,117,852	1,109,451
Miscellaneous income	2,065	
Total Revenues	25,019,337	23,143,310
Expenses		
Operating expenses:		
Salaries and personnel costs	33,669	31,549
Fees	3,897,378	3,253,537
Utilities	125,403	120,737
Depreciation	4,166,469	3,870,676
Non-operating expenses:		
Interest on long-term debt	7,552,458	7,652,789
Debt service fees	14,750	17,750
Amortization of bond discounts	11,656	11,656
Total Expenses	15,801,783	14,958,694
Change in Net Position	9,217,554	8,184,616
Net Position, Beginning	63,084,856	54,900,240
Net Position, Ending	$ 72,302,410	$ 63,084,856

At the end of the current fiscal year, the Authority was able to report a positive balance in net position. The same situation held true for the prior fiscal year.

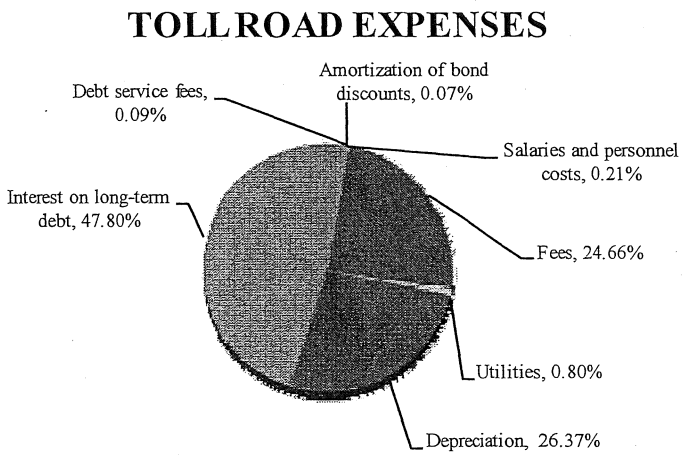
Toll Road operations increased the Authority's net position by $9,217,554. This increase is up from last year's increase of $8,184,616. The key elements of the change in increase of $1,032,938 in net position are as follows:

- Increase in toll revenue of $1,870,579 primarily due to increased utilization.
- Increase in fees of $643,841 due to increased maintenance costs of the system.

Toll Road revenues for fiscal year 2014 are graphically displayed as follows:



Toll Road expenses for fiscal year 2014 are graphically displayed as follows:



Capital Assets and Debt Administration

Capital Assets - At the end of fiscal year 2014, the Authority had $163,786,819 invested in toll road land, construction in progress, and infrastructure, net of accumulated depreciation, as reflected in the following schedule. This represents a decrease of $2,833,347 from the previous fiscal year.

FORT BEND COUNTY TOLL ROAD AUTHORITY'S CAPITAL ASSETS

	2014	2013
Non-Depreciable Capital Assets		
Land	$ 12,493,128	$ 12,436,639
Construction in progress	5,999,750	22,719,851
Other Capital Assets, Net		
Infrastructure	145,293,941	125,796,982
Totals	$ 163,786,819	$ 160,953,472

Increase in toll road infrastructure of $19,496,959 and decrease in toll road construction in progress of $16,720,101 was primarily the result of completion of the Parkway-B extension for the Fort Bend County Toll Road System.

Long-Term Debt - At the end of the current fiscal year, the Authority had total bonds outstanding of $149,235,000.

LONG-TERM DEBT

	2014	2013
Revenue bonds	$ 149,235,000	$ 151,580,000
Premiums on bonds	18,934,290	20,052,142
Discounts on bonds	(299,180)	(310,836)
Total	$ 167,870,110	$ 171,321,306

The County and Authority received an insured rating of Aaa from Moody's and Standard and Poors on the 2003 and 2004 Toll Road bond issuances, and uninsured ratings of Aa2 and AA+ from Moody's and Standard and Poors, respectively. The County and Authority received uninsured ratings of Aa1 and AA+ from Moody's and Fitch, respectively on the 2012 Refunding issue. The Authority received uninsured ratings of A2 and A+ from Moody's and Fitch, respectively on the 2012 Senior Lien issue.

Economic Factors

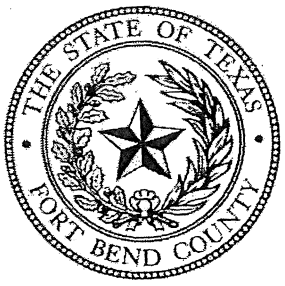
The population of the County is estimated at 652,365 in 2014 and is expected to grow to 776,950 by 2020.

The number of households has increased to 220,070 in 2015 and is expected to grow to 255,510 by 2020. Mean household income for 2015 is $172,088 and is estimated to rise to $204,744 by 2020. Income per capita is currently at $56,291 and is expected to grow to $67,786 by 2020.

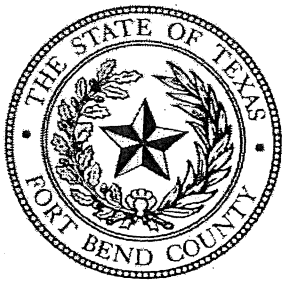
Mobility improvements continue to be a demand from the residents of Fort Bend County. The Authority is proceeding with several toll road projects that will enhance and compliment the County's road system.

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 701, 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 TOLL ROAD AUTHORITY

STATEMENT OF NET POSITION

September 30, 2014

Assets	
Cash and cash equivalents	$ 66,677,966
Due from Fort Bend Grand Parkway Toll Road Authority	167,765
Miscellaneous receivables	1,891,562
Capital assets, not subject to depreciation	18,492,878
Capital assets, net of accumulated depreciation	145,293,941
Total Assets	232,524,112
Deferred Outflow of Resources	
Deferred charges-debt refunding	10,850,203
Total Deferred Outflow of Resources	10,850,203
Liabilities	
Due to primary government	2,627,293
Accrued interest payable	574,502
Long-term liabilities due within one year	2,575,000
Long-term liabilities due in more than one year	165,295,110
Total Liabilities	171,071,905
Net Position	
Net investment in capital assets	11,026,993
Restricted for:	
Debt service	2,915,323
Unrestricted	58,360,094
Total Net Position	$ 72,302,410

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY TOLL ROAD AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended September 30, 2014

Operating Revenue	
Toll revenue	$ 23,724,115
Total Operating Revenue	23,724,115
Operating Expenses	
Salaries and personnel costs	33,669
Fees	3,897,378
Utilities	125,403
Depreciation	4,166,469
Total Operating Expenses	8,222,919
Operating Income	15,501,196
Non-Operating Revenues	
Earnings on investments	175,305
Amortization of bond premiums	1,117,852
Miscellaneous income	2,065
Total Non-Operating Revenues	1,295,222
Non-Operating Expenses	
Interest on long-term debt	7,552,458
Debt service fees	14,750
Amortization of bond discounts	11,656
Total Non-Operating Expenses	7,578,864
Change in Net Position	9,217,554
Net Position, Beginning of Year	63,084,856
Net Position, End of Year	$ 72,302,410

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY TOLL ROAD AUTHORITY

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2014

Cash Flows from Operating Activities	
Receipts from tolls and other	$ 23,509,937
Payment of toll operation expenses	(4,056,450)
Net Cash Provided by Operating Activities	19,453,487
Cash Flows from Investing Activities	
Interest earned on investments	175,305
Net Cash Provided by Investing Activities	175,305
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(7,750,516)
Repayment of loan to Fort Bend Grand Parkway Toll Road Authority	(167,765)
Loan from primary government	880,324
Principal paid on capital debt	(2,345,000)
Interest expense	(6,967,131)
Net Cash (Used) by Capital and Related Financing Activities	(16,350,088)
Net Increase in Cash and Cash Equivalents	3,278,704
Cash and Cash Equivalents, Beginning of Year	63,399,262
Cash and Cash Equivalents, End of Year	$ 66,677,966
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	$ 15,501,196
Adjustments to operations:	
Depreciation	4,166,469
Change in assets and liabilities:	
(Increase) in other receivables	(214,178)
Total adjustments	3,952,291
Net Cash Provided by Operating Activities	$ 19,453,487

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

These financial statements include all of the funds and activities of the Fort Bend County Toll Road Authority (the "Authority"). The Authority is a component unit of Fort Bend County, Texas (the "County"). Financial statements of the Authority are included as a discretely presented component unit in the County's financial statements.

The Authority is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. It 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 County Toll Road System. This Fort Bend County Toll Road System currently includes the Fort Bend Parkway Toll Road that extends from Sam Houston Parkway in Harris County to State Highway 6 in Fort Bend County near Sienna Plantation. It also includes the Westpark Tollway that extends from the Fort Bend County line to State Highway 99. The primary criteria for the inclusion of the Authority in the County's reporting entity, is that of financial accountability. The Commissioners Court, as 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. Implementation of New Standard

In the current fiscal year, the Authority implemented the following new standard:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB 65 is reflected in the financial statements and notes to the financial statements.

Also, with this implementation, deferred charges, which consist of bond issuance costs and were amortized over the term of the bonds, are no longer recognized, but are accounted for as an expense in the period incurred. Therefore, the beginning net position on the Statement of Activities has been adjusted to reflect the portion of deferred charges that were incurred in prior years.

Net Position, Beginning	$ 64,515,621
Adjustment for Deferred Charges	(1,430,765)
Net Position, Restated	$ 63,084,856

C. 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 position.

D. Cash and Cash Equivalents

The Authority's cash and cash equivalents consist of demand deposits and investment pools.

E. Receivables

Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

F. Capital Assets

Capital assets consist of infrastructure, land, and construction in progress, that are 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.

The Authority applies a half-year convention for depreciation on all capital assets. Therefore, one-half year of depreciation is charged to operations the first and last year that a capital asset is in service. Depreciation is computed using the straight-line method over an estimated useful life of 20 to 40 years.

G. Use of 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.

H. Restricted/Unrestricted Net Position

It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

I. Date of Management's Review

In preparing the financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through March 12, 2015, 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.

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%

As of September 30, 2014, 94.3% 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 utilizing weighted average maturity analysis. In accordance with its investment policy, the County reduces the Authority's 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	$ 62,895,666	1	94.3%
Investment Pools:			
Texas CLASS	290,453	43	0.4%
TexasTERM	1,007	47	0.0%
LOGIC	1,015	59	0.0%
Wells Fargo 100 % Treasury Money Market Fund	895,130	50	1.3%
Wells Fargo Government Money Market Fund	2,594,695	33	3.9%
Total Fair Value	$ 66,677,966		
Portfolio weighted average maturity (days)		3	

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.

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, 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.

Wells Fargo 100% Treasury Money Market Fund seeks current income exempt from most state and local individual income taxes, while preserving capital and liquidity. It invests in high-quality, short-term money market instruments that consist of U.S. Treasury obligations.

Wells Fargo Government Money Market Fund seeks current income, while preserving capital and liquidity. It invests in high-quality, short-term money market instruments that consist of U.S. Government obligations and repurchase agreements collateralized by U.S. Government obligations.

D. Credit Risk

The County's investment policy, which includes the Authority, does not require investments to hold certain credit ratings issued by nationally recognized statistical rating organizations. As of September 30, 2014, the Authority's investments in Texas CLASS, Texas TERM, and LOGIC were rated "AAAm" by Standard and Poor's. The Authority's investments in both Wells Fargo Money Market Funds were rated "AAAm" and "Aaa-mf" by Standard and Poor's and Moody's Investments, respectively.

NOTE 3 – RECEIVABLES

Receivables as of September 30, 2014, consist of toll revenue due from the Harris County Toll Road Authority, net of applicable fees.

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2014, is as follows:

	Balances 10/1/13	Increases	Decreases	Balances 9/30/14
Business-type Activities:				
Capital assets not being depreciated:				
Land	$ 12,436,639	$ 56,489	$	$ 12,493,128
Construction in progress	22,719,851	6,943,327	(23,663,428)	5,999,750
Total capital assets not depreciated	35,156,490	6,999,816	(23,663,428)	18,492,878
Other capital assets:				
Infrastructure	158,727,154	23,663,428		182,390,582
Total other capital assets	158,727,154	23,663,428		182,390,582
Accumulated depreciation for:				
Infrastructure	(32,930,172)	(4,166,469)		(37,096,641)
Total accumulated depreciation	(32,930,172)	(4,166,469)		(37,096,641)
Other capital assets, net	125,796,982	19,496,959		145,293,941
Total capital assets	$ 160,953,472	$ 26,496,775	$ (23,663,428)	$ 163,786,819

Depreciation expense for the Authority for the year ended September 30, 2014, totaled $4,166,469. Construction in progress is primarily comprised of activity on the Westpark section B and Parkway section B extensions. The contract commitments as of September 30, 2014 are as follows:

Westpark B Engineering and Right of Way	$ 3,814,638
Parkway B-1 Toll Conversion	371,866
Parkway B-1 Construction	37,287
Total	$ 4,223,791

NOTE 5 – LONG-TERM DEBT

The Authority issued subordinate lien revenue bonds for the purpose of financing the construction of the Toll Road System. These subordinate lien revenue bonds are paid through the Authority's Debt Service Fund from toll fees collected by the Authority. The following is a summary of the outstanding subordinate lien revenue bonds as of September 30, 2014:

Original Issue	Description	Interest Rate %	Matures	Debt Outstanding
Revenue Bonds				
$ 72,195,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2004	4.00 - 5.00	2015	$ 1,520,000
30,775,000	Senior Lien Toll Road Revenue Bonds, Series 2012	2.00 - 4.125	2040	30,775,000
116,940,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Refunding Bonds Series 2012	3.125 - 5.00	2032	116,940,000
	Total Revenue Bonds			$ 149,235,000

A summary of the long-term liability transactions of the Authority for the year ended September 30, 2014 is as follows:

	Balances 10/1/13	Additions	Retirements	Balances 9/30/14	Amounts Due Within One Year
Revenue bonds	$ 151,580,000		$ (2,345,000)	$ 149,235,000	$ 2,575,000
Premiums on bonds	20,052,142		(1,117,852)	18,934,290	
Discounts on bonds	(310,836)		11,656	(299,180)	
Totals	$ 171,321,306	$	$ (3,451,196)	$ 167,870,110	$ 2,575,000

Annual debt service requirements to maturity are summarized as follows:

	Principal	Interest	Totals
2015	$ 2,575,000	$ 6,834,925	$ 9,409,925
2016	3,745,000	6,705,875	10,450,875
2017	4,470,000	6,552,225	11,022,225
2018	5,315,000	6,343,712	11,658,712
2019	5,850,000	6,107,337	11,957,337
2020-2024	35,560,000	25,953,197	61,513,197
2025-2029	45,390,000	16,340,913	61,730,913
2030-2034	35,880,000	5,050,594	40,930,594
2035-2039	8,535,000	1,292,563	9,827,563
2040	1,915,000	39,497	1,954,497
Totals	$ 149,235,000	$ 81,220,838	$ 230,455,838

In the bond resolutions, the Authority has 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 obligated to advance funds to pay the bonds. Under the agreement, the Authority will be obligated to provide certain updated financial information and operational data annually, and timely notice of specified material events, and certain information to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

NOTE 6 - 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, 2014.

NOTE 7 – STATEWIDE INTEROPERABILITY OF ELECTRONIC TOLL COLLECTIONS

The Fort Bend Grand Parkway Toll Road Authority ("FBGPTRA") entered into an agreement by resolution on October 29, 2013 to participate in the Statewide Interoperability of Electronic Toll Collections with Texas Department of Transportation, Harris County (acting through Harris County Toll Road Authority), North Texas Tollway Authority, and Central Texas Regional Mobility Authority, for the collection of tolls from customers. The Fort Bend County Toll Road Authority joined the FBGPTRA in this agreement through a Joint Project Agreement with the FBGPTRA executed on February 19, 2014.

NOTE 8 – SUBSEQUENT EVENTS

The Authority issued $45 million in first lien revenue bonds in December, 2014, to finance the construction of the Highway 6 overpass ($33 million), purchase of right-of-way for Westpark-B extensions ($11 million) and toll conversion project for Parkway-A and Westpark-A ($4 million). This series was sold at a premium to allow funding for all components. The Authority plans to issue between $60.1 million and $68.5 million in first lien revenue bonds in the summer of 2015 for phase one of the Westpark Toll Way extension.

APPENDIX C

GLOSSARY OF TERMS

The following sets forth certain definitions used in this Official Statement and in the Indenture. Reference is made to the Indenture, copies of which may be obtained from the County, for a full and complete statement of its provisions. A summary of certain provisions of the Master Indenture is included in APPENDIX D. The provisions of the Indenture may be amended or supplemented in accordance with the terms thereof.

"2003 Indenture" shall mean the Toll Road Unlimited Tax and Subordinate Lien Revenue Bond Trust Indenture between the County and Wells Fargo Bank, N.A., as Trustee, dated April 1, 2003, and all supplemental indentures thereto pursuant to which the Fort Bend County, Texas, Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds are issued.

"Account" or "Accounts" shall mean any one or more, as the case may be, of the accounts from time to time hereafter created in any of the Funds required to be maintained pursuant to 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 County, and may be an accountant or firm of accountants that regularly audits the books of the County, if satisfactory to the Trustee.

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

"Act" shall mean, collectively, Chapter 284, Texas Transportation Code, and Chapters 1201, 1207, 1371, and 1431, Texas Government Code, as they may be amended from time to time.

"Aggregate Debt Service" shall mean for any Fiscal Year or other period as of the date of calculation the sum of the amounts of Debt Service for such Fiscal Year or other period with respect to all Series of Bonds, Parity Notes, and other Parity Obligations then outstanding.

"Annual Budget" shall mean the annual budget of the County for the Project, as amended or supplemented, adopted, or in effect for a particular Fiscal Year or fraction thereof.

"Authenticating Agent" shall mean any agent of the Trustee designated to authenticate the Bonds of any Series as provided in any Supplemental Indenture and its successor or successors, which may include the Trustee.

"Authorized Newspapers" shall mean any two newspapers, reports, or other publications customarily published at least once in each calendar week, printed in the English language, one of which shall be a financial journal or publication of general circulation among tax exempt securities dealers in the United States of America (such as *The Bond Buyer*) and the other of general circulation among tax exempt securities dealers in the State of Texas (such as *Texas Municipal Reports*).

"Authorized Officer of the County" shall mean the County Judge, the County Auditor, 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 Commissioners Court.

"Bond" or "Bonds" shall mean any bond or bonds, as the case may be, authenticated and delivered under and pursuant to the Indenture.

"Bondowner" or "Owner of Bonds" shall mean the registered owner of any Bond or Bonds.

"Business Day" shall mean a day which is not a banking holiday in New York City or Houston, Texas, except as may otherwise be provided by Supplemental Indenture.

"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 County Toll Road Senior Lien Revenue Bond Construction Fund required to be maintained by the County pursuant to the Indenture and any separate accounts required to be maintained in the Construction Fund pursuant to the terms of any Supplemental Indenture.

"Consulting Engineers" shall mean the County Engineer or the engineering firm or firms at the time employed by the County 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" or "Project Development Cost" shall mean all costs of acquisition, construction, improvement, operation, and maintenance of the Project or any project or projects with which the Project is proposed to be pooled which meets the definition of cost of the project under the Act. Such cost shall include all reasonable costs of marketing and providing public information to inform the public of the service and facilities provided by the Project.

"Costs of Issuance" shall mean the items of expense payable or reimbursable directly or indirectly by the County and related to the authorization, sale and issuance of Bonds or Parity Notes or the authorization or incurrence of other Parity Obligations, 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; initial fees and charges of providers of Parity Credit Agreements and Parity Hedge Agreements or other parties pursuant to remarketing, indexing or similar agreements; 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 or Parity Obligations; and other administrative or other costs of issuing, carrying, and repaying such Bonds or Parity Obligations and investing the proceeds thereof.

"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 County) selected by the County 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.

"Debt Service" shall mean, with respect to any particular Fiscal Year or other period and any Series of Bonds, Parity Notes or other Parity Obligations, an amount equal to the sum of (a) all interest accruing on such Bonds and Parity Notes during such period, except to the extent that such interest is to be paid from amounts (including any investment earnings thereon) deposited in the Debt Service Fund, Construction Fund, or elsewhere for the purpose of providing capitalized interest, and except to the extent that such accruing interest on such Bonds or Parity Notes is payable only at maturity or redemption (as with capital appreciation bonds) in which case the entire amount of such interest shall be deemed to accrue in the same manner as Principal Installments, plus (b) that portion of the Principal Installment or Installments of such Bonds or Parity Notes which would accrue during such period if such Principal Installment or Installments were deemed to accrue monthly from a date one year prior to its due date or from the date of issuance of the respective Series, whichever is later, plus or minus (c) net amounts payable or receivable under any Parity Hedge Agreements, which accrue during such period. For purposes of calculating Debt Service, the following rules shall apply:

(A) Interest and Principal Installments for any Series of Bonds or Parity Notes shall be calculated on the assumption that no Bonds or Parity Notes of any Series Outstanding on the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

(B) Interest and Principal Installments for any series of Parity Notes shall be calculated on the assumption that all Parity Notes shall be continuously refinanced with other Parity Notes or Bonds so as to permit approximately equal annual amortization of Debt Service on such Series of Parity Notes over a period of 30 years following depletion of any amounts provided for capitalized interest on such Parity Note.

(C) Except as provided in (D) below, future Debt Service for any Series of Bonds or Parity Notes which bears interest at variable rates or which will at some future date bear interest at a rate or rates to be determined or which will be subject to conversion to an interest rate or interest rate mode such that rates cannot then be ascertained shall be calculated using a rate which shall be estimated and certified by the financial advisor to the County as the rate that would have been borne by such Bonds or Parity Notes if they were at the date of certification issued (or remarketed as the case may be) as 30-year Bonds bearing a fixed rate of interest.

(D) Amounts payable and/or receivable by the County under Parity Hedge Agreements may be combined with payments of Debt Service on any Series of Bonds or Parity Notes to which the Parity Hedge Agreement relates. In such event, the financial advisor to the County shall prepare a combined calculation of Debt Service with respect to the amounts payable and/or receivable under the Parity Hedge Agreement and the amounts of interest payable under the Bonds or Parity Notes to which it relates, and in such calculation may offset amounts receivable by the County under the Parity Hedge Agreement against interest payable on related Bonds or Parity Notes. Any remaining (*i.e.*, not offset) payment obligations of the County under the Parity Hedge Agreement shall be treated as payments of interest for purposes of computing Debt Service and shall be calculated at the rate provided in such Parity Hedge Agreement the same as if it were an interest rate on Bonds or Parity Notes, and if such rate is variable or otherwise not ascertainable at the time of cancellation, shall be estimated by such financial advisor to the County in the same manner as herein provided for the estimation of Debt Service on Bonds or Parity Notes bearing interest at variable rates or rates not ascertainable at the time of calculation. If not combined with payments of Debt Service on Bonds or Parity Notes as set forth above, amounts payable and/or receivable by the County under Parity Hedge Agreements shall include only the net amount payable and/or receivable for purposes of computing Debt Service.

"Debt Service Fund" shall mean the County Toll Road Senior Lien Revenue Bond Debt Service Fund established in the Indenture.

"Debt Service Reserve Fund" shall mean the County Toll Road Senior Lien Debt Service Reserve Fund required to be maintained pursuant to the Indenture.

"Debt Service Reserve Fund Participants" shall mean: (i) with respect to Bonds, any series of Bonds designated by the County as "Debt Service Reserve Fund Participants" and secured by a lien on the Debt Service Reserve Fund Participant Account of the Debt Service Reserve Fund, and (ii) with respect to Parity Notes, any Parity Note designated by the County as "Debt Service Reserve Fund Participants" and secured by a lien on the Debt Service Reserve Fund Participant Account of the Debt Service Reserve Fund.

"Debt Service Reserve Fund Participant Account" shall mean the account of such name created within the Debt Service Reserve Fund for the benefit of the holders of Bonds and Parity Obligations that are designated as Debt Service Reserve Fund Participants.

"Debt Service Reserve Fund Non-Participant Account" shall mean one or more accounts of such name created within the Debt Service Reserve Fund created for the benefit of the holders of Bonds that are not designated as Debt Service Reserve Fund Participants.

"Debt Service Reserve Fund Requirement" shall mean the amount established and stipulated in each Supplemental Indenture, which shall not exceed the lesser of (i) the maximum annual debt service on such issue of Bonds or Parity Obligations, (ii) one hundred twenty-five (125%) of the average annual debt service on such issue of Bonds or Parity Obligations or (iii) ten percent of the initial principal amount of such issue of Bonds or Parity Obligations (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 such issue of Bonds or Parity Obligations). For Debt Service Reserve Fund Participants, the Debt Service Reserve Fund Requirement shall be equal to the amount established in the preceding sentence. For a Series of Bonds or Parity Notes that are not Debt Service Reserve Fund Participants, the amount shall be established in the particular Supplemental Indenture and may be less than the amount defined in the first sentence of this definition.

"Debt Service Reserve Fund Liquidity Facility" shall mean any agreement, however denominated, provided by a qualifying financial institution (as described in the following sentence) which contractually commits to purchase for not less than a stated price any class or amount of Investment Securities held in the Debt Service Reserve Fund at any time such Investment Securities must be liquidated in order to make cash transfers to the Debt

Service Fund. A Debt Service Reserve Fund Liquidity Facility may only be entered into with a financial institution which (a) at the time of entering into such agreement either (i) has long term credit ratings in one of the two highest generic rating categories from at least two nationally recognized rating services or (ii) has long term credit ratings in one of the three highest generic rating categories from at least two nationally recognized rating services and agrees to collateralize its obligations under such agreement by lodging with a third party trustee, escrow agent, custodian or other financial third party direct obligations of the United States of America or its agencies with a market value equal to 102% of the difference between the face amount of its obligations under the agreement and the market value of the Investment Securities to which the agreement relates (based on periodic market valuations at least twice per year), and (b) agrees that for any period during the term of the agreement its long term credit rating fails to remain in one of the two highest generic rating categories from at least two nationally recognized rating agencies, it will collateralize its obligations under the agreement in the manner described in clause (a)(ii) above.

"Debt Service Reserve Fund Surety Policy" shall mean any reserve fund surety policy or bond, letter of credit or other instrument, however denominated, provided by a qualifying financial institution as described in the following sentence, pursuant to which the Trustee or Paying Agent may draw on such Debt Service Reserve Fund Surety Policy to enable the Debt Service Reserve Fund to make a required transfer to the Debt Service Fund. Debt Service Reserve Fund Surety Policies may only be acquired from a financial institution with a long term credit rating in one of the two highest generic rating categories from at least two nationally recognized rating services and having a credit rating or claims paying ability such that the purchase of such surety policy will not cause any rating agency then rating any Bonds or Parity Notes to withdraw or lower its rating.

"Event of Default" shall mean an Event of Default as such term is defined in the Indenture. See the caption "Defaults and Remedies" in APPENDIX D.

"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 County which is currently the 12-month period ending the last day of September, but which may be changed from time to time.

"Fund" or "Funds" shall mean any one or more, as the case may be, of the separate special funds created and established or required to be maintained pursuant to the Indenture.

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

"Indenture" shall mean the Master Indenture, as amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, and the Third Supplemental Indenture, and as the same may be amended or supplemented from time to time by one or more other Supplemental Indentures in accordance with the terms of the Master Indenture.

"Interest Payment Date" shall mean the date on which interest on the Bonds or any Parity Notes is due and payable.

"Investment Security" or "Investment Securities" shall mean and include any securities authorized for investment of County Funds by the laws of the State of Texas, currently the "Texas Public Funds Investment Act," Chapter 2256, Texas Government Code, as the same may be amended from time to time.

"Junior Lien Obligations" shall mean any bonds, notes, or other obligations secured in whole or in part by a pledge of and lien on Revenues after making all required transfers to the Debt Service Fund and Debt Service Reserve Fund, but prior to the payment of Project Expenses. Junior Lien Obligations are intended to constitute "senior indebtedness" within the meaning of the 2003 Indenture.

"Maintenance Tax Fund" shall mean the Fort Bend County, Texas Toll Road Maintenance Tax Fund required to be maintained by the County pursuant to the Indenture.

"Net Revenues" shall mean, for any Fiscal Year or other period of time, the Revenues less the Operating Expenses.

"Operating Board" shall mean the Fort Bend County Toll Road Authority or any other entity appointed by the County to act as an Operating Board under the provisions of the Indenture.

"Operating Expenses" shall mean only so much of the Project Expenses as shall constitute the County's expenses for operation, maintenance, repairs, ordinary replacement and ordinary reconstruction of the Project and ordinary acquisition of equipment and any other current expenses or obligations required to be paid by the County under the provisions of the Indenture or by law, all to the extent properly and directly attributable to the operation of the Project, but not any costs or expenses for new construction or any allowance for depreciation.

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

"Outstanding" shall mean as of any date, Bonds or Parity Notes theretofore or thereupon being authenticated and delivered under the Indenture except:

(i) Bonds or Parity Notes cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;
(ii) Bonds or Parity Notes in lieu of or in substitution for which other Bonds or Parity Notes shall have been authenticated and delivered pursuant to the Indenture;
(iii) Bonds or Parity Notes deemed to have been paid or defeased as provided in the Indenture (or in any Supplemental Indenture) or as provided by law; and
(iv) As otherwise provided in any Supplemental Indenture.

"Owner" shall mean the registered owner of any Bond or the owner of any Parity Obligation, as the case may be.

"Parity Credit Agreement" shall mean any agreement between the County and a third party financial institution pursuant to which such third party financial institution issues a letter of credit, municipal bond insurance policy, line of credit, standby purchase agreement, surety policy, surety bond, or other guarantee for the purpose of enhancing the creditworthiness or liquidity of any of the County's obligations pursuant to any Bonds, Parity Notes, or Parity Hedge Agreements, and in consideration for which the County may agree to pay certain fees and to reimburse and repay any amounts advanced under such Parity Credit Agreement, together with interest and other stipulated costs and charges.

"Parity Hedge Agreement" shall mean any agreement between the County and a qualifying financial institution (as described in the following sentence) for the purpose of providing an interest rate swap, 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 or Parity Notes. A Parity 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 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 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 Parity Hedge Agreement.

"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.

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

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

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

"Paying Agent" shall mean any bank or trust company or national or state banking association designated to make payment of the principal and Redemption Price of and interest on the Bonds or Parity Notes 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 the Indenture.

"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 home-rule 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 (i) the principal amount of Outstanding Bonds of said Series which mature on a single future date, reduced by the aggregate principal amount of such Outstanding Bonds of such Series which would at or before said future date be retired as a result of Sinking Fund Installments applied in accordance with the Indenture or a Supplemental Indenture plus (ii) the amount of any Sinking Fund Installment payable on said future date for the retirement of any Outstanding Bonds of said Series; and

(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 County's financial advisor to achieve an approximately equal annual amortization of Debt Service on such Series of Parity Notes over such 30 year period.

"Project" shall mean all of the County's right, title and interest (whether such interest is fee, easement, leasehold, contractual or otherwise) in and to (i) the Fort Bend Parkway and the Westpark Tollway and (ii) such other project or projects, or interest therein, with which the Project may be pooled pursuant to the Act or other applicable law (each of which shall be a "Pooled Project"). Fort Bend Parkway and the Westpark Tollway shall include without limitation all of the following which are necessary or useful in connection therewith: causeways, bridges, tunnels, turnpikes, highways, or any combination of such facilities, and all overpasses, underpasses, interchanges, entrance plazas, toll houses, service stations, approaches, fixtures, accessories, equipment, and administration, storage and all other buildings, together with all property rights, easements and interests acquired in connection therewith, and any other improvements, extensions, and betterments as may now be permitted by the Act.

"Project Expenses" shall mean the County'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, and 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 (which may include premiums, costs, and expenses relating to interest rate caps, limits, or guarantees); (iii) Costs of Issuance not paid as a Cost of the Project; and (iv) payments to pension, retirement, health, and hospitalization funds.

"Project Segment" shall mean any addition to, or expansion or improvement of the Project identified as a Project Segment in any Supplemental 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 Series 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 Series.

"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, the Indenture, or any Supplemental Indenture.

"Refunding Bonds" or "Refunding Parity Notes" shall mean all Bonds or Parity Notes, whether issued in one or more Series, issued for the purpose of refunding a like or different principal amount of Bonds, Parity Notes, or other Toll Road Bonds, and thereafter authenticated and delivered pursuant to the Indenture or any Supplemental Indenture.

"Register" shall mean the register maintained by the Registrar for each Series of Bonds or Parity Notes which shows ownership of Bonds or Parity Notes in accordance with the Indenture.

"Registrar" shall mean any agent of the Trustee designated to keep a register or registers of the Owners of the Bonds or Parity Notes of any Series as provided in any Supplemental Indenture, and its successor or successors, which may include the Trustee.

"Renewal and Replacement Fund" shall mean the County Toll Road Renewal and Replacement Fund established in the Indenture.

"Repurchase Agreement" shall mean an agreement entered into with a Person pursuant to which the County purchases and such Person agrees to repurchase specified Investment Securities provided that the repurchase price shall not be less than the purchase price.

"Revenue Fund" shall mean the County Toll Road Revenue Fund required to be maintained pursuant to the Indenture.

"Revenues" shall mean all amounts derived from the ownership or operation of 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, plus any interest income earned on all Funds and Accounts established hereunder and under the 2003 Indenture which is required to be transferred to or maintained in the Revenue Fund, the Debt Service Fund, or the Reserve Fund, but specifically excluding interest income attributable to capitalized interest on the Bonds and Parity Notes.

"Series" shall mean Bonds or Parity Notes identified as a separate series and any Bonds or Parity Notes thereafter authenticated and delivered in lieu of or in substitution for such Bonds or Parity Notes pursuant to the Indenture or any Supplemental Indenture.

"Sinking Fund Installment" shall mean, as of any particular date of calculation and with respect to any Series of Bonds or Parity Notes, the amount of money to be applied as the Redemption Price of Bonds or Parity Notes in any Fiscal Year prior to maturity pursuant to the Supplemental Indenture for such Series, as such Installment shall have been previously reduced by the principal amount of any Bonds or Parity Notes of such Series of the maturity with respect to which such Sinking Fund Installment is payable which are purchased or redeemed by the Trustee in accordance with the provisions of the Indenture or of any Supplemental Indenture, other than a Sinking Fund Installment redemption or purchase.

"State" shall mean the State of Texas.

"Supplemental Indenture" shall mean any Indenture supplemental to or amendatory of the Indenture, adopted by the County in accordance with the Master Indenture.

"Surplus Fund" shall mean the County Toll Road Surplus Fund required to be maintained pursuant to the Indenture.

"Toll Road Bonds" shall mean the Bonds, and any other bonds from time to time hereafter issued for the purpose of providing funds to pay the Cost of the Project, whether pursuant to the Indenture or otherwise.

"Traffic Engineers" shall mean the traffic engineer employed by the County and "Independent Traffic Engineer" shall mean an engineering firm or corporation retained by the County, 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, respectively.

"Trust Estate" shall mean the Trust Estate as defined in the Indenture.

"Trustee" shall mean a commercial bank or trust company duly organized and existing under the laws of the State of Texas or 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 the Indenture, and its successor or successors and any other person which may at any time be substituted in its place pursuant to the Indenture.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

The Master Indenture contains various covenants and security provisions, certain of which are summarized below or elsewhere in this Official Statement. The following are selected provisions of the Master Indenture. Such provisions are qualified by reference to the other portions of the Indenture referred to elsewhere in this Official Statement, and all references and summaries pertaining to the Master Indenture in this Official Statement are, separately and in whole, qualified by reference to the exact terms of the Master Indenture, a copy of which may be obtained from the County. The provisions of the Master Indenture may be amended or supplemented in accordance with the terms thereof.

As used in this APPENDIX D, the term "Bond" or "Bonds" shall have the same meaning given to such term in the Master Indenture. See "APPENDIX C – GLOSSARY OF TERMS."

Permitted Investments

The Indenture requires that all amounts held in any Fund or Account under the Indenture by either the Trustee or the County must either be (i) continuously and fully secured for the benefit of the County and the Owners of the Bonds by either direct obligations of or obligations guaranteed by the United States of America or secured in the manner required by the laws of the State of Texas for public funds or (ii) invested in Investment Securities so long as they mature not later than such times as will be necessary to provide money when needed for payments to be made from such Funds and Accounts. "Investment Securities" means investments authorized from time to time pursuant to the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code or other applicable laws of the State of Texas, which mature not later than such times as shall be necessary to provide moneys for payments from such Funds or Accounts.

Interest earned or profits realized from investing any amounts in the Construction Fund, and amounts representing capitalized interest in the Debt Service Fund, may be retained in such Funds. Interest earned from investing amounts in any other Fund or Account will be transferred into the Revenue Fund.

Toll Classification

The County is required to classify tolls in a manner that will apply to all traffic in a uniform manner within any reasonable class. No reduced rates will be allowed within any 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 Revenues net of Project Expenses. No free service will be permitted on the Project, except for certain authorized officials and emergency vehicles and vehicles whose passage is determined to be in the public's interest or the interest of the Project.

Annual Budget

After any part of the Project is completed and operational, the County has covenanted in the Indenture to file with the Trustee an Annual Budget for each Fiscal Year that includes the estimated Project Expenses for such Fiscal Year, in addition to the amount required to establish and maintain the Operating Reserve sufficient to pay two months' Project Expenses. The County may, at any time, adopt an amended Annual Budget or Budgets for the remainder of the then current Fiscal Year. Until a new Annual Budget is adopted, the prior Fiscal Year's Annual Budget shall be deemed to be the Annual Budget for that Fiscal Year.

Consulting Engineers Reports on Projects

In the Indenture, the County covenants and agrees that after the Project or any part of it is completed and operational, the County 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 County a report setting forth (i) their findings whether the Project has been maintained in good repair, working order and condition, (ii) their advice and

recommendations as to the proper maintenance, repair and operation of the Project during the ensuing 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 Project Expenses in the Annual Budget for the next ensuing Fiscal Year and (iii) their advice and recommendations as to the insurance to be carried under the provisions of the Indenture. The Indenture provides that copies of such reports are to be filed with the Trustee.

Construction Contracts

In the Indenture, the County covenants and agrees that before entering into any construction contract it will secure the recommendation of the Consulting Engineers 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 County further covenants and agrees that the proceeds of any such performance bond and payment bond will forthwith, upon receipt of such proceeds, be deposited in the Construction Fund established pursuant to the Indenture and applied toward the completion of the contract in connection with which such performance bond and payment bond shall have been furnished.

Rules and Regulations; Maintenance of Project

In the Indenture, the County 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 of the Project 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.

Consulting Engineers; Traffic Engineers

In the Indenture, the County covenants that, as long as there are any Bonds, Parity Notes or other Parity Obligations Outstanding, it will employ Consulting Engineers or Traffic Engineers as necessary to comply with the Indenture.

Insurance

In the Indenture, the County 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.

Sale or Encumbrance of Project

In the Indenture, the County covenants that, as long as there are any Bonds and Parity Notes Outstanding, and except as in the Indenture otherwise permitted, it will not sell or otherwise dispose of the Project or any part thereof unless it determines that such sale or other disposal is in the best interest of the Project and not materially adverse to the rights of the Owners of the Bonds, Parity Notes or other Parity Obligations. Such covenant, however, shall not limit the ability of the County to issue Bonds and Parity Notes and incur Parity Obligations, to dispose of surplus property, to enter into contracts with respect to the lease or operation of all or any part of the Project.

Defaults and Remedies

Events of Default. Any of the following events will constitute an "Event of Default" under the Indenture:

(i) failure to make the due and punctual payment of the principal or Redemption Price of any Bond or Parity Note when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(ii) failure to make the due and punctual payment of any installment of interest on any Bond or Parity Note or the unsatisfied balance of any Sinking Fund Installment therefor (except when such installment is due on the maturity date of such Bond or Parity Note), or any other Parity

Obligation when and as such interest installment or Sinking Fund Installment or other Parity Obligation shall become due and payable, and such failure shall continue for a period of 30 days;

(iii) failure by the County in the performance or observance of any other of the covenants, agreements, or conditions on its part contained in the Indenture or in the Bonds, Parity Notes or other Parity Obligations, and such default shall continue for a period of 60 days after written notice thereof to the County by the Trustee or to the County and to the Trustee by the Owners of not less than 25% in principal amount of the Bonds and Parity Notes Outstanding;

(iv) if the County: (a) files 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) takes any action indicating its consent to, approval of, or acquiescence in, any such petition or proceeding; (c) applies for, or consents or acquiesces in the appointment of, a receiver or a trustee of the County or for all or a substantial part of its property; (d) makes an assignment for the benefit of creditors, or (e) is unable, or admits in writing its inability, to pay its debts as they mature; or

(v) if proceedings have commenced against the County, 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 County or for all or a substantial part of its property, and the same continues for 90 days undismissed or undischarged or results in the adjudication of bankruptcy or insolvency.

Notice of Default. The Trustee shall not be required to give notice to the County of any Event of Default, known to exist under the Indenture; provided, however, that upon written request of the Owners of not less than 25% in aggregate principal amount of the Bonds and Parity Notes Outstanding, the Trustee shall give written notice to the County of any default or breach constituting an Event of Default under subparagraph (iii) of the immediately preceding "Events of Default" subcaption.

Actions by Trustee. If an Event of Default occurs and is 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 and Parity Notes Outstanding, must: (i) by mandamus or other suit, action, or proceeding at law or in equity require the County to perform its covenants, representations, and duties under the Indenture; (ii) bring suit upon the Bonds, Parity Notes and other Parity Obligations; (iii) by action or suit in equity require the County to account as if it were the trustee of an express trust for the Owners of the Bonds, Parity Notes and other Parity Obligations; (iv) 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, Parity Notes and other Parity Obligations; (v) take over the possession, administration, and management of all Funds and Accounts required to be maintained by the County pursuant to the Indenture; or (vi) take such other steps to protect and enforce its rights and the rights of the Owners of the Bonds, Parity Notes and other Parity Obligations, whether by action, suit, or proceeding in aid of the execution of any power granted in the Indenture or for the enforcement of any other appropriate legal or equitable remedy.

Judicial Proceedings. If an Event of Default occurs and is continuing, then the Trustee may, and upon the request of the Owners of not less than 25% in aggregate principal amount of the Bonds and Parity Notes Outstanding, and upon being indemnified to its satisfaction, will, 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, premium, if any, and interest on the Bonds and Parity Notes and amounts due on the Parity Obligations 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 deems most effectual to protect and enforce any of its rights or the rights of the Owners of Bonds, Parity Notes and other Parity Obligations under the Indenture.

Application of Proceeds. The proceeds received by the Trustee pursuant to the exercise of any right or remedy under the Indenture 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:

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

(ii) to the payment of the interest and principal or Redemption Price and any other amounts then due on the Bonds, Parity Notes arid other Parity Obligations, 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 therefor ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference;

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds and Parity Notes and other unpaid amounts owing under any other Parity Obligations 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 such amounts due on any date, then to the payment thereof ratably, according to the amounts due on such date, to the persons entitled thereto, without any discrimination or preference; and

(iii) to the payment of the amounts required for reasonable and necessary Project Expenses allocable to the Bonds, Parity Notes and other Parity Obligations, the Indenture or the Project.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee in the Indenture 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 under the Indenture or under the Bonds, Parity Notes, and other Parity Obligations, or now or hereafter existing at law or in equity or by statute.

Limitation on Suits. All rights of action in respect of the Indenture shall be exercised only by the Trustee, and no Owner of any Bond, Parity Note, or other Parity Obligation issued under the Indenture 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 under the Indenture, 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 and Parity Notes Outstanding and shall have been furnished reasonable indemnity and shall have refused or neglected for 60 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 60 day period by the Owners of a majority in principal amount of the Bonds and Parity Notes 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, Parity Notes, or other Parity Obligations of the powers and remedies given to the Trustee under the Indenture 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 under the Indenture, 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 and Parity Notes 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 County as the Trustee may deem expedient in the interest of the Owners of the Bonds, Parity Notes and other Parity Obligations.

Nothing contained in the Indenture, however, shall affect or impair the right of any Owner, which shall be absolute and unconditional, to enforce the payment of the principal of, premium, if any, and interest on the Bonds and Parity Notes and amounts due on other Parity Obligations of such Owner, but only out of the moneys for such payment as provided in the Indenture, or the obligation of the County, which shall also be absolute and unconditional, to make payment of the principal of, premium, if any, and interest on the Bonds and Parity Notes and amounts due on other Parity Obligations issued under the Indenture, but only out of the funds provided in the Indenture for such payment, to the respective Owners thereof at the time and place stated in said Bonds, Parity Notes and other Parity Obligations.

Rights of Owners to Direct Proceedings. Notwithstanding any provision of the Indenture to the contrary, the Owner or Owners of more than 50% in aggregate principal amount of the Bonds and Parity Notes 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 the 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 under the Indenture; provided, however, that the Trustee shall have been satisfactorily indemnified and that such direction shall not be contrary to law or the provisions of the 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 Owner of the Bonds, Parity Notes and other Parity Obligations not consenting.

Notice to Owners of Default. The Trustee or Paying Agent on behalf of the Trustee shall promptly mail to registered Owners of Bonds, Parity Notes and other Parity Obligations written notice of the occurrence of any Event of Default of which it has notice pursuant to the Indenture.

The Indenture contains additional provisions that are not summarized in this APPENDIX D with respect to certain other matters relative to Events of Default and the exercise of remedies with respect thereto.

Defeasance

Any Bonds will, prior to the maturity or redemption date therefor, be deemed to have been paid and to be no longer Outstanding under the provisions of the Indenture if (i) in case of any Bond to be redeemed on any date prior to maturity, the County has given to the Trustee or a Paying Agent irrevocable instructions to give notice of redemption on such Bonds, (ii) there has been deposited with the Trustee or a Paying Agent either money in an amount sufficient, or certain Investment Securities the principal and interest on which, without further investment, will be sufficient, together with money, if any, deposited therewith, to pay when due the principal, redemption price, if applicable, and interest due and becoming due on such Bond on and prior to redemption or maturity date, as the case may be, and (iii) in the event Bonds are not to be redeemed within the next succeeding 60 days, the County will have given the Trustee or a Paying Agent irrevocable instructions to publish at least twice, at an interval of not less than seven days, in the Authorized Newspapers a notice to the Owners of the Bonds to be redeemed, and to mail notices to such Owners that such deposit has been made and that the Bonds are deemed to have been paid and stating the maturity or redemption date upon which such money will be made available for the payment of the principal or redemption price, if applicable, and interest on such Bonds. For purposes of clause (ii) above, Investment Securities shall mean and include only direct obligations of (or obligations the principal of and interest on which is unconditionally guaranteed by) the United States of America, and such securities shall not be subject to redemption prior to their maturity.

Amendments

The County may adopt a Supplemental Indenture without consent of the Owners for any of the following purposes: (i) to authorize the issuance of Bonds, Parity Notes and other Parity Obligations; (ii) to provide additional limitations and restrictions on the issuance of Bonds, Parity Notes and other Parity Obligations or the issuance of other evidences of indebtedness; (iii) to add other covenants and agreements to be observed by the County not inconsistent with the Indenture; (iv) to add other limitations and restrictions to be observed by the County of the Trust Estate which are not inconsistent with the Indenture; (v) to confirm any pledge under the Indenture of the Trust Estate; (vi) to modify any of the provisions of the Indenture provided that such modification will be effective only after all Outstanding Bonds, Parity Notes and other Parity Obligations at the date of adoption will cease to be Outstanding; (vii) to modify, amend, or supplement the Indenture to permit the qualification under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or under any state Blue Sky Law; (viii) to surrender any right, power, or privilege reserved to or conferred upon the County by the Indenture, provided that such surrender is not inconsistent with the covenants and agreements of the County contained in the Indenture; (ix) to pool the Project with one or more other projects as permitted by the Act; (x) to increase the Debt Service Reserve Fund Requirement or to provide for Debt Service Fund Surety Policies; (xi) to establish or increase the required balance to be accumulated or maintained in the Renewal and Replacement Fund; (xii) to alter the Indenture to comply with the requirements of a nationally recognized rating agency in order to maintain a rating on the Bonds or Parity Notes in a high-quality, short-term or commercial paper rating category or long-term debt rating category of such rating agency; (xiii) to increase the interest rate or rates on the Bonds or Parity Notes of any series; and (xiv) to designate Paying Agents, Authenticating Agents, Registrars, and other agents for Bonds of any series.

The Indenture also may be amended without the consent of the Owners with the written consent of the Trustee: (i) to cure any ambiguity, supply any omission, or cure any defect or inconsistent provision in the Indenture; (ii) to insert such provisions clarifying matters as are necessary or desirable and are not inconsistent with the Indenture; (iii) to provide for additional duties of the Trustee in connection with the Trust Estate or the Project; or (iv) to modify any of the provisions of the Indenture, provided that such action shall not adversely affect the interest of the Owners of Outstanding Bonds, Parity Notes or other Parity Obligations.

Any other amendment of the Indenture may be made with the written consent given by the Owners as provided in the Indenture (i) of the Owners of at least two-thirds in principal amount of the Bonds and Parity Notes Outstanding at the time such consent is given, and (ii) in case less than all of the several series of Bonds and Parity Notes Outstanding are affected by the amendment, of the Owners of at least two- thirds in principal amount of the Bonds and Parity Notes of each series so affected and Outstanding at the time such consent is given, and (iii) in case the amendment changes the terms of any Sinking Fund Installment, of the Owners of at least two-thirds in principal amount of the Bonds or Parity Notes of the particular series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; provided, however, that if such amendment will, by its terms, not take effect as long as any Bonds or Parity Notes of any specified like series and maturity remain Outstanding, the consent of the Owners of such Bonds and Parity Notes will not be required. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond, Parity Note, or other Parity Obligation 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, Parity Note, or other Parity Obligation, or shall reduce the percentages or otherwise affect the classes of Bonds or Parity Notes 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. A series shall be deemed to be affected by a modification or amendment of the Indenture if the same materially adversely affects or diminishes the rights of the Owners of Bonds or Parity Notes of such series. The Trustee may in its discretion determine whether or not (and may rely on Counsel's Opinion to make such discretionary determination), in accordance with the foregoing powers of amendment.

The terms and provisions of the Indenture and the rights and obligations of the County and of the Owners of the Bonds, Parity Notes, or other Parity Obligations thereunder may be modified or amended in any respect upon the adoption and filing by the County of a Supplemental Indenture and the consent of the Owners of all the Bonds, Parity Notes, or other Parity Obligations Outstanding or, in the case of a Supplemental Indenture, the Owners of all Bonds, Parity Notes, and other Parity Obligations issued or incurred pursuant to such Supplemental Indenture; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee or other Fiduciaries without the written assent thereto of the Trustee or other Fiduciaries in addition to the consent of the Owners.

The terms and provisions of the Indenture and the rights and obligations of the County and the Owners thereunder may be modified or amended with respect to a particular series upon the adoption and filing by the County of a Supplemental Indenture and the consent of the Owners of all Bonds or Parity Notes of the particular series, such consent to be given by written notice to the Trustee, and no notice to Owners by mailing or publication 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 assent thereto of the Trustee in addition to the consent of the Owners.

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APPENDIX E

FORM OF OPINION OF BOND COUNSEL

BRACEWELL
&GIULIANI

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February __, 2016

WE HAVE REPRESENTED FORT BEND COUNTY, TEXAS (the "County"), as its bond counsel in connection with an issue of bonds (the "Series 2016 Bonds") described as follows:

> FORT BEND COUNTY, TEXAS, SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016, dated February 1, 2016.
>
> The Series 2016 Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Series 2016 Bonds and a Senior Lien Toll Road Revenue Bond Trust Indenture, dated as of May 15, 2012, between the County and Wells Fargo Bank, N.A., as trustee (the "Trustee"), and amendments and supplements thereto, including a Second Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated as of December 1, 2014 and a Third Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated as of February 1, 2016 (together, the "Indenture"), between the County and the Trustee.

THE SERIES 2016 BONDS ARE BEING ISSUED pursuant to an order adopted by the Commissioner's Court of the County on January 12 , 2016 (the "Bond Order") and the Indenture. Capitalized terms not otherwise defined herein have the meanings assigned to such terms in the Indenture.

THE INDENTURE PERMITS the issuance or incurrence of additional Bonds, Parity Notes and other Parity Obligations, subject to the restrictions contained in the Indenture, secured by liens on the Trust Estate that are on a parity with the lien securing the Series 2016 Bonds and the Outstanding Bonds.

WE HAVE REPRESENTED the County as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Series 2016 Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Series 2016 Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capability of the County or the disclosure thereof in connection with the sale of the Series 2016 Bonds. Our role in connection with the County's Official Statement prepared for use in connection with the sale of the Series 2016 Bonds has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certain proceedings pertaining to the Series 2016 Bonds, on which we have relied in giving our opinion. The transcript contains certain certified copies of certain proceedings of the County; customary certificates and other documents executed by officers, agents and representatives of the County, the Trustee and others; and other certified showings relating to the authorization and issuance of the Series 2016 Bonds. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations and published rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Series 2016 Bond No. IB-1.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION that:

(1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Series 2016 Bonds in full compliance with the Constitution and laws of the State of Texas presently in effect, and therefore, the Series 2016 Bonds constitute valid and legally binding special obligations of the County enforceable in accordance with the terms thereof and of the Bond Order and the Indenture and entitled to the benefits of the Indenture;

(2) The Bond Order has been duly adopted and the Indenture has been duly authorized, executed and delivered by the County, each is in full force and effect and constitutes a legal, valid and binding obligation of the County; and

(3) The Indenture creates a valid pledge of and lien on the Trust Estate, subject only to the provisions of the Indenture permitting the application of the Trust Estate for the purposes and on the terms and conditions set forth therein.

THE ENFORCEABILITY OF CERTAIN PROVISIONS OF THE SERIES 2016 BONDS, the Bond Order and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors. Furthermore, the availability of equitable remedies under the Series 2016 Bonds, the Bond Order and the Indenture may be limited by general principles of equity that permit the exercise of judicial discretion. The Series 2016 Bonds are payable solely from and are secured solely by a lien on and pledge of the Trust Estate. Owners of the Series 2016 Bonds shall never have the right to demand payment of the principal of or interest on the Series 2016 Bonds out of any funds raised or to be raised by taxation.

IT IS OUR FURTHER OPINION that, under existing law:

(A) Interest on the Series 2016 Bonds is excludable from gross income for federal income tax purposes; and

(B) The Series 2016 Bonds are not "private activity bonds" within the meaning of the Code, and, as such, interest on the Series 2016 Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Series 2016 Bonds will be included in the "adjusted current earnings" of a corporation (other than any S corporation, regulated investment company, REIT or REMIC) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the County, the County's financial advisor and the Underwriters with respect to matters solely within the knowledge of the County, the County's financial advisor and the Underwriters, respectively, which we have not independently verified. We have also assumed continuing compliance by the County with the covenants in the Indenture pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Series 2016 Bonds for federal income tax purposes. If such representations are determined to be inaccurate or incomplete or the County fails to comply with the foregoing provisions of the Indenture, interest on the Series 2016 Bonds could become includable in gross income from the date of 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 receipt or accrual of interest on, or acquisition, ownership or disposition of, the Series 2016 Bonds.

OWNERS OF THE SERIES 2016 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, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit 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 Series 2016 Bonds).

THE OPINIONS SET FORTH ABOVE are based on existing law, which is subject to change. Such opinions are further 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 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 as to whether or not the Service will commence an audit of the Series 2016 Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the County as the taxpayer. We observe that the County has covenanted in the Indenture 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 Series 2016 Bonds as includable in gross income for federal income tax purposes.

Very truly yours,

EXHIBIT D

ENGAGEMENT LETTER
Bracewell & Giuliani LLP

BRACEWELL
&GIULIANI

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January 6, 2016

Mr. Robert Hebert
County Judge
Fort Bend County, Texas
401 Jackson Street
Richmond Texas, TX 77469

Re: Bond Counsel – Fort Bend County, Texas Toll Road Bonds

Dear Judge Hebert:

Thank you for engaging us to represent Fort Bend County, Texas (the "Client") in connection with the captioned obligations and such other obligations, if any, that the County may elect to issue in conjunction therewith (the "Obligations"). We appreciate the confidence you have shown in Bracewell & Giuliani LLP ("B&G" or "Bond Counsel") and look forward to this opportunity to represent the Client.

It is our practice to confirm the terms and conditions of our engagements, and that is the purpose of this letter and the accompanying Terms of Engagement. If you have any questions about this letter, or Terms of Engagement, or any aspect of the engagement or representation, please contact me as soon as possible.

Scope of Engagement

As Bond Counsel, we will prepare, or assist the appropriate County officials and staff in the preparation of all required legal proceedings and will perform certain other necessary legal work in connection with the County's authorization, issuance, and sale of the Obligations. Our services as Bond Counsel will include the following Basic Services, which we will carry out directly or in concert with County officials and staff, as follows:

(1) Preparation or assistance in the preparation of the Order authorizing the issuance of the Obligations (the "Order") and all other legal instruments that comprise the transcript of legal proceedings pertaining to the authorization, issuance, and sale of Obligations;

(2) Preparation of one set of initial temporary bonds to be submitted to the Attorney General for approval and to the Comptroller for registration and, if required, preparation of one set of definitive bonds to be held in book-entry only form;

(3) Attendance at meetings called by the appropriate County officials and staff to discuss the sizing, timing, or sale of the Obligations;

(4) Consultation with County officials and staff and the County's financial advisor, together with underwriters, if any, to review information to be included in the offering documents for the Obligations, but only to the extent that such information describes the Obligations, the security therefor, federal income tax status and our opinion;

(5) Preparation and submission of a transcript of legal proceedings pertaining to the issuance of the Obligations to the Attorney General of Texas to obtain an approving opinion;

(6) Supervision of the printing of the Obligations and the delivery thereof to the purchasers thereof, including, if requested by the County, solicitation of bids from bond printers to obtain the lowest responsible printing costs for the County;

(7) At the closing of the Obligations, delivery of an approving opinion, based on facts and law existing as of its date, generally to the effect that the Obligations have been duly issued, executed, and delivered in accordance with the Constitution and laws of the State of Texas, that the Obligations constitute valid and legally binding obligations of the County (subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws in effect from time to time relating to or affecting the enforcement of rights of creditors of political subdivisions) and that, subject to certain restrictions, interest on the Obligations is excludable from the gross income of the owners thereof for federal income tax purposes; and

(8) Prior to and in connection with the closing of the Obligations, giving advice to the County to enable appropriate officials to comply with the arbitrage requirements of the Internal Revenue Code of 1986 as they affect the Obligations, including yield restrictions and rebate requirements.

Anticipated Staffing

Although I will be your primary contact, Derrick Mitchell, Todd Greenwalt, Jonathan Frels, Jarvis Hollingsworth and Tim Deithloff will be the other attorneys representing you on this matter.

Fees

For the Basic Services performed for the Obligations, Bond Counsel will be paid a fee equal to the sum of $1.00 per $1,000 principal amount for the first $25 million in aggregate proceeds of each separate series of Bonds actually delivered; $0.75 per $1,000 for

the second $25 million in aggregate proceeds of each separate series of Bonds actually delivered; and $0.50 per $1,000 in aggregate proceeds of each separate series of Bonds actually delivered over $50 million; with a minimum fee of $10,000 per series and a maximum fee of $65,000 per series. (For purposes of the foregoing calculation, the principal amount of the Bonds of a series includes any premium thereon.) Such fees(s) shall be paid from the proceeds of the sale of the Obligations or from other funds, as the Client deems appropriate. Except as otherwise provided below, payment of the fees(s) shall be made after the issuance and delivery of the Obligations and within thirty (30) days after receipt by the Client of an approved invoice therefor. This fee does not include any fee for co-bond counsel, should the County elect to employ one. Separate and apart from such expenses, Bond Counsel will be reimbursed for any filing fees paid by Bond Counsel to the Attorney General of Texas, which fees may be as much as $9,500 per series of Obligations.

The Bond Counsel fees for the services provided here are wholly contingent upon the actual sale and delivery of the Obligations.

Nothing herein shall be construed as creating any personal liability on the part of any officer of the Client, and this agreement may be terminated by the Client by giving thirty (30) days' written notice.

We will be pleased to provide legal services in connection with any matters not included in Scope of Engagement, paragraphs (1) – (8), but such additional or special services, if requested by the Client, should be performed on mutually agreeable terms, to be set forth in a separate letter of engagement.

Conflicts

It is B&G's practice to comply with the professional standards and ethics requirements in the jurisdictions in which we perform legal services or manage the account. Based on the information that you have provided, it does not appear that this engagement is materially adverse to any substantially related matter that B&G is handling for other clients of the firm. It is important that you know, however, that B&G may represent other clients within the same industry and may have matters that may be adverse to your interests in unrelated matters.

Consultation with Independent Counsel

Under the terms of this Engagement Letter and the attached Terms of Engagement, the Client has specific obligations to B&G (for example, the obligation to provide complete and accurate information to the firm). Moreover, there are limits to the rights that the Client might otherwise have. If you wish to obtain independent advice concerning these or any

other provisions of this Engagement Letter or Terms of Engagement, we encourage you to contact counsel of your choice.

Mediation

Any controversy, dispute or claim, including, but not limited to, any dispute as to B&G's fees for legal services, arising out of or relating to the engagement provided herein, or future engagement of B&G shall be resolved by confidential mediation under the current CPR Mediation Procedure in effect on the date of this Agreement, before resorting to litigation.

Please call me if you wish to discuss any aspect of this engagement. If this letter and the Terms of Engagement accurately reflect our agreement, please sign both enclosed original letters. You should keep one letter for your file and return one original to me.

Thank you again for the opportunity to represent the Client in this matter.

Very truly yours,

Bracewell & Giuliani LLP

By: Derrick M. Mitchell

Attachments
AGREED AND ACCEPTED:
FORT BEND COUNTY, TEXAS

By:_____
Robert Hebert, County Judge

Exhibit A to
Agreement for Bond Counsel Services

BRACEWELL & GIULIANI LLP

Partners

Derrick Mitchell	$585.00
Todd Greenwalt	$845.00
Jarvis Hollingsworth	$605.00
Timothy Deithloff	$565.00

BRACEWELL & GIULIANI LLP

TERMS OF ENGAGEMENT

Introduction

These are the Terms of Engagement adopted by Bracewell & Giuliani LLP ("B&G") and referred to in our Engagement Letter as the basis for our representation. Because they are an integral part of our agreement to provide representation, we ask that you review this document carefully and retain it for your files. If you have any questions after reading it, please promptly inform your principal contact at the firm.

Client of the Firm

Since B&G has been engaged to represent the client only, the engagement does not include the client's affiliated or related entities, or their respective individual partners or employees.

For example, for corporations and partnerships, unless otherwise specifically stated in the Engagement Letter, our representation does not include any parents, subsidiaries, employees, officers, directors, shareholders, or partners of the corporation or partnership, or commonly owned corporations or partnerships. Similarly, for trade associations, our representation does not include members of the trade association; and for individuals, our representation does not include employers, partners, spouses, siblings, or other family members. In the event we are asked to undertake representation of any other entity in connection with this engagement, we will do so only by agreement defined in the Engagement Letter.

The Scope of the Representation

B&G undertakes to provide representation and advice on the matters for which we are engaged, and it is important that we both have a clear understanding of the services that B&G has agreed to provide. In the Engagement Letter, B&G specifies the matter in which we will provide representation and the scope of the services we will provide. If there are any questions about the engagement, including the scope of the representation, and related services being performed, please address those questions promptly with your principal contact at the firm.

As you may be aware, the Treasury Department has issued new Regulations, commonly referred to as Circular 230, that dictate how attorneys must communicate with their clients whenever they render "written advice" on tax issues. The new regulations are very broad and will frequently restrict ordinary communications between attorney and client. We can avoid the costly and time-consuming process of preparing a formal opinion to comply with Circular 230 by including a legend on written advice similar to the following: **"As required by United States Treasury Regulations, you should be aware that this communication is not intended or written by the sender to be used, and it cannot be used, by any recipient for the purpose of avoiding penalties that may be imposed on the recipient under United States federal tax laws."**

Unless we agree in advance to the contrary, written advice that we prepare for you will contain this legend.

Our Relationship With Others

B&G represents many businesses and individuals. In some instances, the applicable rules of professional responsibility may limit our ability to represent clients with conflicting or potentially conflicting interests. Those rules of professional responsibility often allow us to exercise our independent judgment in determining whether our relationship with one client prevents us from representing another. In other situations, we may be permitted to represent a client only if the other clients consent to that representation.

If a conflicts issue unrelated to the engagement develops between you and another client, we will follow the applicable rules of professional responsibility to determine whether we may represent either you or the other client in the unrelated controversy. In making this determination, we will consider your agreement to the Conflicts of Interest provisions in these Terms of Engagement.

In addition to our representation of other companies and individuals, we also regularly represent lawyers and law firms. As a result, opposing counsel in the matter may be a lawyer or law firm that we may represent now or in the future. Likewise, opposing counsel in the matter may represent our firm now or in the future. Further, we have professional and personal relationships with many other attorneys, often because of our participation in bar associations and other professional organizations. We believe that these relationships with other attorneys do not adversely affect our ability to represent any client. Your acceptance of our Engagement Letter means you consent to any such relationships between our firm and other lawyers or law firms, even counsel representing a party adverse to you in this engagement.

Conflicts of Interest

Conflict of interest is a concern for lawyers and their clients. We attempt to identify actual and potential conflicts at the outset of any engagement, and may request that you sign a conflict waiver before we accept an engagement. Occasionally, other clients or prospective clients may ask us to seek a conflict waiver from you so that we can accept an engagement on their behalf. Please do not take such a request to indicate that we will represent you less zealously; we make such requests because we take our professional responsibilities to all clients and prospective clients very seriously.

Unfortunately, conflicts sometimes arise or become apparent after work begins on an engagement. When that happens, we will do our best to address and resolve the situation in the manner that best serves the interests of all of our affected clients.

Because B&G is a large firm, we may be asked to represent someone whose interests may be adverse to yours. B&G accepts this engagement on the understanding that our representation of you will not preclude us from accepting another engagement from an existing or a new client, provided (1) that such engagement is not substantially related to the subject matter of services we

provide to you, and (2) that in accepting such other engagement we would not impair the confidentiality of proprietary, sensitive or otherwise confidential information you have provided to us.

Rules concerning conflicts of interest vary with the jurisdiction. In Order to avoid any uncertainty, our policy is that the Texas Disciplinary Rules of Professional Conduct will be applicable to the representation. Unless the Engagement Letter stipulates that some other rules of professional responsibility will govern our attorney-client relationship, your acceptance of our Engagement Letter means you agree with that policy.

Staffing The Project

In most cases, one attorney will be your primary contact. In Order to provide you with the expertise of our firm, and to provide services on a cost effective basis, that attorney will delegate parts of your work to other lawyers, legal assistants and other professionals.

Fees, Billing Arrangements and Terms of Payment

B&G issues invoices on a regular basis, normally each month, for fees and other charges. Invoices are due on presentment and are considered past due 30 days after receipt. It is important to review invoices that are presented each month and to bring any concerns regarding the invoice, services or staffing to the attention of your primary contact at the firm within 30 days of receipt of an invoice.

Fees for professional services and reimbursable expenses are not contingent on the outcome of the project.

Clients frequently ask us to estimate the fees and other charges they are likely to incur in connection with a particular matter. Any estimate is based on professional judgment and facts and circumstances that appear at the time. As such, any estimate is subject to the understanding that, unless we agree otherwise in writing, it does not represent a maximum, minimum, or fixed-fee quotation. The ultimate cost frequently is more or less than the amount estimated.

As an adjunct to providing services, we may incur and pay a variety of charges on your behalf or charge for certain ancillary support services. Whenever we incur such charges on your behalf or charge for such ancillary support services, we will bill them to you as part of your monthly invoice. Examples include charges for photocopying, postage, long-distance telephone calls, travel and conference expenses, delivery charges, computerized research, and facsimile and other electronic transmissions. Outside expenses generally will be billed at cost, while some in-house expenses (e.g., copying, telecopying, computer services and in-house research) will include a reasonable allocation of overhead. In appropriate cases, reimbursable expenses will also include overtime charges for dedicated services for secretaries and other staff. All travel expenses will be billed in accordance with the County's travel policy.

It may be necessary for us to retain third parties, such as consultants, experts and investigators, in Order to represent you adequately. In that event, you will be responsible for the payment of the invoices of those third parties. Although we may advance third-party disbursements in reasonable amounts, we will ask you to pay larger third-party invoices (usually those over $500) directly to the third party providing the services. Because we often have ongoing professional relationships with the persons who render such services, we also ask that you pay such bills promptly and send us notice of your payment.

At times, and for a limited time, we may retain copies of documents generated or received by us in the course of your representation. Should you request documents from us at the conclusion of our representation (other than your original documents), to the extent that such documents may be available, you agree to compensate the firm for reproduction charges and professional fees required to retrieve, review and duplicate the files.

Should your account become delinquent and satisfactory payment terms are not arranged, we may take steps, as permitted under the rules regulating our profession, to withdraw from the representation, cease representation or terminate the engagement.

If the representation will require a concentrated period of activity, such as a trial, arbitration, or hearing, we reserve the right to require the payment of all amounts owed and the prepayment of the estimated fees and expenses to be incurred in completing the trial, arbitration, or hearing, as well as arbitration fees likely to be assessed. If you fail to timely pay the estimated fees and expenses, we will have the right to cease performing further work and the right to withdraw from the representation, subject to any applicable rules of court or other applicable tribunal.

Although an insurer's payment of defense costs may be applied to billings of the firm, the payment obligation remains with you. Failure of any insurer to pay all or part of the billings for this Project does not relieve you from the obligation to pay billings in full and in a timely manner.

From time to time, we assist clients in pursuing third parties for recovery of attorneys' fees and other charges resulting from our services. These situations include payments under contracts, statutes or insurance policies. However, it remains your obligation to pay all amounts due to us within 30 days of the date of our statement.

Taxes

B&G anticipates that it will perform all, or substantially all, of its professional services for this engagement in the United States. B&G will bill the client from, and B&G will receive all payments in, the United States. Accordingly, neither B&G nor the client anticipates the assessment of taxes outside the United States on the payments to B&G required under the Engagement Letter.

The client, however, agrees that all payments under the Engagement Letter shall be payable to B&G in U.S. Dollars, free and clear of any and all present and future taxes, levies, imposts,

duties, deductions, withholdings, fees, liabilities and similar charges (the "Taxes"). If any Taxes are required to be withheld or deducted from any amount payable under the Engagement Letter, then the amount payable under the Engagement Letter shall be increased to the amount which, after deduction from such increased amount of all Taxes required to be withheld or deducted therefrom, will yield to B&G the amounts stated to be payable to B&G under the Engagement Letter. In the event that the client is required to withhold or deduct Taxes from any payment under the Engagement Letter, the client shall promptly pay such Taxes and shall furnish B&G with appropriate tax receipts issued by tax authorities showing payment of such Taxes by the client.

Your Cooperation

To enable us to provide effective representation, you agree to: (1) disclose to us, fully and accurately and on a timely basis, all facts and documents that are or might be material or that we may request; (2) keep us apprised on a timely basis of all developments relating to the representation that are or might be material; (3) attend meetings, conferences, and other proceedings when it is reasonable to do so; and, (4) cooperate fully with us in all matters relating to the engagement.

Insurance Coverage

We will only represent you, and not your insurer, in this matter.

Unless we specifically agree to do so, we will not evaluate any aspect of insurance coverage, advise you with respect to such coverage, or become involved in any policy or coverage dispute. From time to time, we represent insurance companies, and our ability to assist you with such insurance issues may be limited by our need to comply with the rules governing conflicts of interest. However, if your matter involves coverage questions, we ask that you let us know in advance so that we do not inadvertently transmit information to your insurer that might somehow affect coverage.

Termination

Because B&G has been engaged to provide services in connection with the representation specifically defined in our Engagement Letter, the attorney-client relationship terminates upon our completion of our services related to the representation. After completion of the representation, however, changes may occur in the applicable laws or regulations that could affect your future rights and liabilities in regard to the matter. B&G has no continuing obligation to give advice with respect to any future legal developments that may relate to the project.

You may terminate the engagement at any time, with or without cause, by notifying us in writing. The firm also can terminate the engagement before the completion of its representation of you in the specified matter if (a) the continued representation would result in a violation of the applicable rules of professional conduct; (b) the termination can be accomplished without material adverse effect on your interests; (c) the firm has a fundamental disagreement with the

objective in this engagement; (d) you substantially fail to discharge an obligation regarding this engagement, including the payment of fees and expenses and the duty of cooperation as provided in the Terms of Engagement; or (e) other good cause for termination exist. In the event that the firm intends to terminate the engagement, the firm will give reasonable notice and allow you access to your files relating to this engagement.

The termination of our services will not affect your responsibility for payment of legal services rendered and other charges incurred before termination and in connection with an Orderly transition of the project.

Confidentiality and Document Retention

At the close of any matter, we may return relevant documents to Client, send remaining pertinent parts of our files to a private storage facility for a limited time or destroy certain documents. The attorney closing the file will determine, at his or her discretion, which portion should be returned to Client, which portion should be sent to private storage (and for how long) and which portions are to be destroyed.

You agree that we will own and retain our own files pertaining to the engagement and that you will not have the right or ability to require us to deliver such files (or copies thereof) to you, including, for example, firm administrative records, time and expense reports, personnel and staffing materials, credit and accounting records, electronic mail correspondence (other than such correspondence which was sent to you by a member of our firm) and internal lawyer's work product, such as drafts, Bonds, internal memoranda and legal and factual research, including investigative reports prepared by or for the internal use of lawyers. Further, at the discretion of the responsible partner for the project in question, we may destroy any such documentation which is the property of the firm or any documentation which such partner determines to be duplicative or unnecessary, and in all cases without having to obtain your consent.

Under provisions of the Internal Revenue Code and Treasury Regulations, a law firm is subject to disclosure and list maintenance requirements if the firm receives a certain minimum fee for providing legal services and with respect to specific types of transactions. Pursuant to those requirements, the firm must file a disclosure form with the IRS and maintain a file with respect to any such transaction that identifies, among other items, the name and taxpayer identification number of each participant in the transaction, a summary of the transaction, a description of the tax aspects of the transaction and a copy of any tax opinion rendered with respect to the transaction. The firm must provide the file to the IRS within 20 days of its request.

In the event that our work for you is subject to the list maintenance requirements, we would be required to make the disclosures in a form filed with the IRS and to maintain a file as described above and provide the file to the IRS upon its request. **Accordingly, you hereby consent to our making such disclosures, maintaining such file, providing it to the IRS, and in all other ways complying with the disclosure and list maintenance requirements without obtaining further permission from you. You further agree that you hereby waive any attorney-client or other privilege or right to confidentiality of information with respect to the information**

that we determine in our sole discretion must be provided to the IRS pursuant to these requirements. This waiver will be effective at the time the above information is provided to the IRS. Time devoted to complying with the list maintenance requirements will be billed in accordance with our customary rates.

Disclaimer

We cannot guarantee the outcome of any matter. Any expression of our professional judgment regarding your matter or the potential outcome is, of course, limited by our knowledge of the facts and based on the law at the time of expression. It is also subject to any unknown or uncertain factors or conditions beyond our control.

Either at the commencement or during the course of the representation, we may express opinions or beliefs about the matter or various courses of action and the results that might be anticipated. Any expressions on our part concerning the outcome of the representation, or any other legal matters, are based on our professional judgment and are not guarantees.

By signing the Engagement Letter or otherwise indicating your acceptance of the Engagement Letter, you acknowledge that B&G has made no promises or guarantees to you about the outcome of the representation, and nothing in these Terms of Engagement shall be construed as such a promise or guarantee.

Our Professional Responsibility

The code of professional responsibility lists several types of conduct or circumstances that require or allow us to withdraw from representing a client. These include, for example, misrepresentation or failure to disclose material facts, action contrary to our advice, conflict of interest with another client and nonpayment of fees or charges. B&G tries to identify in advance and discuss with our clients any situation that may lead to our withdrawal. If withdrawal ever becomes necessary, B&G gives our client written notice as soon as practicable.

The State Bar of Texas investigates and prosecutes complaints of professional misconduct against attorneys licensed in Texas. A brochure entitled Attorney Complaint Information is available at all of our offices and is likewise available upon request. A client that has any questions about the State Bar's disciplinary process should call the Office of the General Counsel of the State Bar of Texas at 1-800-932-1900 (toll free).

Modification of Our Agreement

The Terms of Engagement reflect our agreement on the terms of all engagements, and are not subject to any oral agreements, modifications, or understandings. Any change in these Terms of Engagement must be made in writing signed by both B&G and Client.

In Conclusion

We look forward to a long and mutually satisfying relationship with you. Again, if at any time you have a question or concern, please feel free to bring it to the attention of your principal contact at our firm.

EXHIBIT E

ENGAGEMENT LETTER
Andrews Kurth LLP

ANDREWS
ATTORNEYS KURTH LLP

600 Travis, Suite 4200
Houston, Texas 77002
713.220.4200 Phone
713.220.4285 Fax
andrewskurth.com

Thomas Sage
713.220.3833 Phone
713.238.5040 Fax
TomSage@andrewskurth.com

January 7, 2016

Members, Fort Bend County Commissioners Court
County Administration Building
301 Jackson Street
Richmond, Texas 77469

Re: *Special Disclosure Counsel Services for Fort Bend County, Texas Senior Lien Toll Road Revenue Bonds, Series 2016 (the "Bonds")*

Gentlemen:

We are pleased to submit to you a proposed agreement for Andrews Kurth LLP ("AK") to serve as Special Disclosure Counsel to Fort Bend County, Texas (the "County") in connection with the Bonds. When approved by the Commissioners Court (the "Commissioners Court"), this letter will become effective and will evidence an agreement between the County and AK.

As Special Disclosure Counsel, AK will provide legal services to the County in connection with its disclosure obligations in connection with the issuance, sale and delivery of the Bonds. Basic Services hereunder shall include the following: Consultation with and advice to County officials and staff and the County's Financial Advisor regarding any disclosure issues, including assistance in evaluating the materiality of such issues; preparation of the preliminary and final offering documents for the Bonds prior to delivery thereof; assistance in the performance of any necessary due diligence investigation, including due diligence calls or meetings, as appropriate; analysis of the requirements of SEC Rule 15c2-12 and advice on the basis upon which such rule is satisfied including available exemptions therefrom, preparation of continuing disclosure agreements conforming to such rule; ongoing consultation and advice regarding compliance with the County's continuing disclosure agreements when you advise us on facts that may require disclosure, as well as review of the County's filings on EMMA; and providing the County with one or more negative securities disclosure opinions in customary form generally following the requirements of SEC Rule 10(b)(5) and reasonably satisfactory to the County and Special Disclosure Counsel. In addition to the foregoing Basic Services, as Special Disclosure Counsel, AK is prepared to undertake Additional Services, as directed by appropriate County officials.

For Basic Services performed in connection with the issuance of the Bonds, AK will be paid a fee calculated as $0.50 per $1,000 in aggregate principal amount of Bonds actually delivered. (For purposes of the foregoing calculation, the principal amount of the Bonds

includes any premium thereon.) Such fee shall be paid from the proceeds of the sale of the Bonds or from other funds, as the County deems appropriate. Except as otherwise provided below, payment of such fees for Basic Services shall be made after the closing for the Bonds and within thirty (30) days after receipt by the County of an approved invoice therefor.

In order to enable us to render effectively the legal services contemplated, you have agreed to disclose fully and accurately all facts and keep us informed of all developments relating to this matter. We necessarily must rely upon the accuracy and completeness of the facts and information you and your agents provide to us.

AK will be pleased to provide Additional Services in connection with any matter not included within this scope of engagement. Such additional or special services, if requested by the County, should be performed on mutually agreeable terms, to be set forth in a separate letter of engagement.

AK agrees that it will (1) adhere to the County's travel policy, (2) adhere to the County's conflict of interest policy as in effect on the date hereof, which AK acknowledges that it has received, read and understands, (3) retain all records of work done and expenses incurred, if any, for a period of five years after such work is completed and (4) provide reasonable access to the County Auditor of such books and records as will enable him to perform an audit of the foregoing items.

If this proposed agreement for the services of AK as Special Disclosure Counsel is satisfactory, please evidence your acceptance and approval by executing three copies, each of which shall be an original, in the space provided below.

Very truly yours,

Thomas A. Sage

Dated: _____, 2016

_____
Robert Hebert, County Judge
Fort Bend County, Texas

cc: Roy L. Cordes, Jr., Fort Bend County Attorney
Ed Sturdivant, Fort Bend County Auditor

SENIOR LIEN TOLL ROAD

REVENUE BOND

TRUST INDENTURE

BETWEEN

FORT BEND COUNTY, TEXAS

and

Wells Fargo Bank, N.A.,
Trustee

Dated as of May 15, 2012

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SENIOR LIEN TOLL ROAD REVENUE BOND
TRUST INDENTURE

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This Trust Indenture (the "Indenture") dated for convenience of reference as of May 15, 2012, by and between FORT BEND COUNTY, TEXAS, a body corporate and politic, and a political subdivision of the State of Texas (the "County"), and Wells Fargo Bank, N.A., a national banking association 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, as Trustee (said banking association and any bank or trust company appointed as successor trustee under this Indenture being hereinafter called the "Trustee").

W I T N E S S E T H:

WHEREAS, pursuant to and in accordance with Chapter 284, Texas Transportation Code, as amended, 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 property rights, easements, and interests acquired in connection therewith from one (l) 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 tax 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.

WHEREAS, at an election held on November, 7, 2000, the duly qualified resident voters of the County authorized the County to issue, sell, and deliver One Hundred Forty Million Dollars ($140,000,000) of County bonds for the purpose of paying the cost of construction, acquisition or improvement of causeways, bridges, tunnels, turnpikes, highways, 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 all other necessary buildings, together with all property rights, easements, and interests acquired in

connection therewith, and all other costs related to such facilities and such bonds, and to use for such purposes any land, rights-of-way, or other property now owned or hereafter acquired by said County, the bonds to be supported and secured by, and payable from, all or any part of the revenues to be derived from such facilities and, to the extent required by an unlimited ad valorem tax authorized under Article III, Section 52 of the Texas Constitution (the "Constitution") and the laws enacted pursuant thereto, and annually to levy taxes upon all taxable property in said County sufficient to pay the interest on said bonds as it accrues and to create and provide a sinking fund for the payment of the principal of said bonds as it matures, and to pay maintenance and operation expenses of such facilities, with the duty imposed on said County to collect tolls for use of the facilities as long as any of the Bonds are outstanding so that in the manner to be prescribed in the bond resolution, order, trust indenture or other instrument authorizing the issuance of any such bonds the amount of said tax to be collected from time to time may be reduced or abated to the extent that the revenues from the operation of said facilities are sufficient to meet the requirements for operation and maintenance thereof, all as authorized by and in accordance with the Act, as now or hereafter amended; and

WHEREAS, pursuant to the aforesaid bond election, the County has heretofore issued certain combination tax and subordinate lien revenue bonds pursuant to a 2003 Indenture (as herein defined) in order to finance and refinance a portion of the Cost (as defined in the Act) of the Project (as herein defined) and the County reserved the right in the 2003 Indenture to issue certain "senior indebtedness" as therein defined; and

WHEREAS, the County has determined to enter into this Indenture and to issue hereunder all or any portion of its senior lien revenue bonds from time to time to finance or refinance the Cost (as defined in the Indenture) of the Project (as defined in this Indenture) and any project or projects with which the Project may be pooled; and

WHEREAS, the County has determined, intends, and hereby declares that all Bonds, Parity Notes, and other Parity Obligations issued under or entered into pursuant to this Indenture shall constitute "senior indebtedness" within the meaning of and as defined in the 2003 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, Parity Notes and other Parity Obligations by the Owners from time to time thereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County 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 Parity Notes and other Parity Obligations, as follows:

[END OF RECITALS]

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY, AND INTERPRETATION

SECTION 1.01. Definitions. The following terms shall for all purposes of this Indenture have the following meanings:

"Account" or "Accounts" shall mean any one or more, as the case may be, of the accounts from time to time hereafter created in any of the Funds required to be maintained pursuant to Section 5.02 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 County, and may be an accountant or firm of accountants that regularly audits the books of the County, if satisfactory to the Trustee.

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

"Act" shall mean collectively Chapter 284, Texas Transportation Code, and Chapters 1201, 1207, 1371, and 1431, Texas Government Code, as they may be amended from time to time.

"Aggregate Debt Service" shall mean for any Fiscal Year or other period as of the date of calculation the sum of the amounts of Debt Service for such Fiscal Year or other period with respect to all Series of Bonds, Parity Notes, and other Parity Obligations then outstanding.

"Amortized Value" shall mean the value of an Investment Security calculated by adding the amount of the premium paid upon acquisition to the par value of the Investment Security or deducting the amount of the discount received upon acquisition 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 County for the Project, as amended or supplemented, adopted, or in effect for a particular Fiscal Year or fraction thereof.

"Authenticating Agent" shall mean any agent of the Trustee designated to authenticate the Bonds of any Series as provided in any Supplemental Indenture and its successor or successors, which may include the Trustee.

"Authorized Newspapers" shall mean any two newspapers, reports, or other publications customarily published at least once in each calendar week, printed in the

English language, one of which shall be a financial journal or publication of general circulation among tax exempt securities dealers in the United States of America (such as The Bond Buyer) and the other of general circulation among tax exempt securities dealers in the State of Texas (such as Texas Municipal Reports).

"Authorized Officer of the County" shall mean the County Judge, the County Auditor, 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 Commissioners Court.

"Bond" or "Bonds" shall mean any bond or bonds, as the case may be, authenticated and delivered under and pursuant to this Indenture.

"Bondowner" or "Owner of Bonds" shall mean the registered owner of any Bond or Bonds.

"Business Day" shall mean a day which is not a banking holiday in New York City or Houston, Texas, except as may otherwise be provided by Supplemental Indenture.

"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 County Senior Lien Toll Road Revenue Bond Construction Fund required to be maintained by the County pursuant to Section 5.02 of this Indenture and any separate accounts required to be maintained in the Construction Fund pursuant to the terms of any Supplemental Indenture.

"Consulting Engineers" shall mean the County Engineer or the engineering firm or firms at the time employed by the County 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" or "Project Development Cost" shall mean all costs of acquisition, construction, improvement, operation, and maintenance of the Project or any project or projects with which the Project is proposed to be pooled which meets the definition of cost of the project under the Act. Such cost shall include all reasonable costs of marketing and providing public information to inform the public of the service and facilities provided by the Project.

"Costs of Issuance" shall mean the items of expense payable or reimbursable directly or indirectly by the County and related to the authorization, sale and issuance of Bonds or Parity Notes or the authorization or incurrence of other Parity Obligations, 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; initial fees and charges of providers of Parity Credit Agreements and Parity Hedge Agreements or other parties pursuant to remarketing, indexing or similar agreements; 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 or Parity Obligations; and other administrative or other costs of issuing, carrying, and repaying such Bonds or Parity Obligations and investing the proceeds thereof.

"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 County) selected by the County 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.

"Debt Service" shall mean, with respect to any particular Fiscal Year or other period and any Series of Bonds, Parity Notes or other Parity Obligations, an amount equal to the sum of (a) all interest accruing on such Bonds and Parity Notes during such period, except to the extent that such interest is to be paid from amounts (including any investment earnings thereon) deposited in the Debt Service Fund, Construction Fund, or elsewhere for the purpose of providing capitalized interest, and except to the extent that such accruing interest on such Bonds or Parity Notes is payable only at maturity or redemption (as with capital appreciation bonds) in which case the entire amount of such interest shall be deemed to accrue in the same manner as Principal Installments, plus (b) that portion of the Principal Installment or Installments of such Bonds or Parity Notes which would accrue during such period if such Principal Installment or Installments were deemed to accrue monthly from a date one year prior to its due date or from the date of issuance of the respective Series, whichever is later, plus or minus (c) net amounts payable or receivable under any Parity Hedge Agreements, which accrue during such period. For purposes of calculating Debt Service, the following rules shall apply:

(A) Interest and Principal Installments for any Series of Bonds or Parity Notes shall be calculated on the assumption that no Bonds or Party Notes of any Series Outstanding on the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

(B) Interest and Principal Installments for any series of Parity Notes shall be calculated on the assumption that all Parity Notes shall be continuously refinanced with other Parity Notes or Bonds so as to permit approximately equal annual amortization of Debt Service on such Series of Parity Notes over a period of 30 years following depletion of any amounts provided for capitalized interest on such Parity Note.

(C) Except as provided in (D) below, future Debt Service for any Series of Bonds or Parity Notes which bears interest at variable rates or which will at some future date bear interest at a rate or rates to be determined or which will be subject to conversion to an interest rate or interest rate mode such that rates cannot then be ascertained shall be calculated using a rate which shall be estimated and certified by the financial advisor to the County as the rate that would have been borne by such Bonds or Parity Notes if they were at the date of certification issued (or remarketed as the case may be) as 30-year Bonds bearing a fixed rate of interest.

(D) Amounts payable and/or receivable by the County under Parity Hedge Agreements may be combined with payments of Debt Service on any Series of Bonds or Parity Notes to which the Parity Hedge Agreement relates. In such event, the financial advisor to the County shall prepare a combined calculation of Debt Service with respect to the amounts payable and/or receivable under the Parity Hedge Agreement and the amounts of interest payable under the Bonds or Parity Notes to which it relates, and in such calculation may offset amounts receivable by the County under the Parity Hedge Agreement against interest payable on related Bonds or Parity Notes. Any remaining (*i.e.* not offset) payment obligations of be County under the Parity Hedge Agreement shall be treated as payments of interest for purposes of computing Debt Service and shall be calculated at the rate provided in such Parity Hedge Agreement the same as if it were an interest rate on Bonds or Parity Notes, and if such rate is variable or otherwise not ascertainable at the time of cancellation, shall be estimated by such financial advisor to the County in the same manner as herein provided for the estimation of Debt Service on Bonds or Parity Notes bearing interest at variable rates or rates not ascertainable at the time of calculation. If not combined with payments of Debt Service on Bonds or Parity Notes as set forth above amounts payable and/or receivable by the County under Parity Hedge Agreements shall include only the net amount payable and/or receivable for purposes of computing Debt Service.

"Debt Service Fund" shall mean the County Senior Lien Toll Road Revenue Bond Debt Service Fund established in Section 5.02.

"Debt Service Reserve Fund" shall mean the County Senior Lien Toll Road Debt Service Reserve Fund required to be maintained pursuant to Section 5.02.

"Debt Service Reserve Fund Participants" shall mean: (i) with respect to Bonds, any series of Bonds designated by the County as "Debt Service Reserve Fund Participants" and secured by a lien on the Debt Service Reserve Fund Participant Account of the Debt Service Reserve Fund, and (ii) with respect to Parity Notes, any Parity Note designated by the County as "Debt Service Reserve Fund Participants" and secured by a lien on the Debt Service Reserve Fund Participant Account of the Debt Service Reserve Fund.

"Debt Service Reserve Fund Participant Account" shall mean the account of such name created under Section 5.02 within the Debt Service Reserve Fund for the benefit of the holders of Bonds and Parity Obligations that are designated as Debt Service Reserve Fund Participants.

"Debt Service Reserve Fund Non-Participant Account" shall mean one or more accounts of such name created under Section 5.02 within the Debt Service Reserve Fund created for the benefit of the holders of Bonds that are not designated as Debt Service Reserve Fund Participants.

"Debt Service Reserve Fund Requirement" shall mean the amount established and stipulated in each Supplemental Indenture, which shall not exceed the lesser of (i) the maximum annual debt service on such issue of Bonds or Parity Obligations, (ii) one hundred twenty-five (125%) of the average annual debt service on such issue of Bonds or Parity Obligations or (iii) ten percent of the initial principal amount of such issue of bonds or Parity Obligations (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 such issue of Bonds or Parity Obligations). For Debt Service Reserve Fund Participants, the Debt Service Reserve Fund Requirement shall be equal to amount established in the preceding sentence. For a Series of Bonds or Parity Notes that are not Debt Service Reserve Fund Participants, the amount shall be established in the particular Supplemental Indenture and may be less than the amount defined in the first sentence of this definition.

"Debt Service Reserve Fund Liquidity Facility" shall mean any agreement, however denominated, provided by a qualifying financial institution (as described in the following sentence) which contractually commits to purchase for not less than a stated price any class or amount of Investment Securities held in the Debt Service Reserve Fund at any time such Investment Securities must be liquidated in order to make cash transfers to the Debt Service Fund. A Debt Service Reserve Fund Liquidity Facility may only be entered into with a financial institution which (a) at the time of entering into such agreement either (i) has long term credit ratings in one of the two highest generic rating categories from at least two nationally recognized rating services or (ii) has long term credit ratings in one of the three highest generic rating categories from at least two nationally recognized rating services and agrees to collateralize its obligations under such agreement by lodging with a third party trustee, escrow agent, custodian or other financial third party direct obligations of the United States of America or its agencies with a market value equal to 102% of the difference between the face amount of its obligations under the agreement and the market value of the Investment Securities to which the agreement relates (based on periodic market valuations at least twice per year), and (b) agrees that for any period during the term of the agreement its long term credit rating fails to remain in one of the two highest generic rating categories from at least two nationally recognized rating agencies, it will

collateralize its obligations under the agreement in the manner described in clause (a)(ii) above.

"Debt Service Reserve Fund Surety Policy" shall mean any reserve fund surety policy or bond, letter of credit or other instrument, however denominated, provided by a qualifying financial institution as described in the following sentence, pursuant to which the Trustee or Paying Agent may draw on such Debt Service Reserve Fund Surety Policy to enable the Debt Service Reserve Fund to make a required transfer to the Debt Service Fund. Debt Service Reserve Fund Surety Policies may only be acquired from a financial institution with a long term credit rating in one of the two highest generic rating categories from at least two nationally recognized rating services and having a credit rating or claims paying ability such that the purchase of such surety policy will not cause any rating agency then rating any Bonds or Parity Notes to withdraw or lower its rating.

"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 County as a depository of moneys and securities held under the provisions of this Indenture and the Act, and may include the Trustee.

"Event of Default" shall mean an Event of Default as such term is defined in Section 8.02.

"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 County which is currently the 12-month period ending the last day of September, but which may be changed from time to time.

"Fund" or "Funds" shall mean anyone or more, as the case may be, of the separate special funds created and established or required to be maintained pursuant to Section 5.02 of this Indenture.

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

"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.

"Interest Payment Date" shall mean the date on which interest on the Bonds or any Parity Notes is due and payable.

"Investment Security" or "Investment Securities" shall mean and include any securities authorized for investment of County Funds by the laws of the State of Texas, currently the "Texas Public Funds Investment Act," Chapter 2256, Texas Government Code, as the same may be amended from time to time. The Trustee has no duty or obligations to determine if an Investment Security is such under the Texas Public Funds Investment Act.

"Junior Lien Obligations" shall mean any bonds, notes, or other obligations secured in whole or in part by a pledge of and lien on Revenues after making all required transfers to the Debt Service Fund and Debt Service Reserve Fund, but prior to the payment of Project Expenses. Junior Lien Obligations are intended to constitute "senior indebtedness" within the meaning of the 2003 Indenture.

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

"Maintenance Tax Fund" shall mean the Fort Bend County, Texas Toll Road Maintenance Tax Fund required to be maintained by the County pursuant to Section 5.02 of this Indenture.

"Net Revenues" shall mean, for any Fiscal Year or other period of time, the Revenues less the Operating Expenses.

"2003 Indenture" shall mean the Toll Road Unlimited Tax and Subordinate Lien Revenue Bond Trust Indenture between the County and Wells Fargo Bank, N.A., as Trustee, dated April 1, 2003, and all supplemental indentures thereto pursuant to which the Fort Bend County, Texas, Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds are issued.

"Operating Board" shall mean the Fort Bend County Toll Road Authority or any other entity appointed by the County to act as an Operating Board under the provisions of this Indenture.

"Operating Expenses" shall mean only so much of the Project Expenses as shall constitute the County's expenses for operation, maintenance, repairs, ordinary replacement and ordinary reconstruction of the Project and ordinary acquisition of equipment and any other current expenses or obligations required to be paid by the County under the provisions of this Indenture or by law, all to the extent properly and directly attributable to the operation of the Project, but not any costs or expenses for new construction or any allowance for depreciation.

"Operating Reserve" shall mean, as of any particular time of calculation, an amount of money to be retained in the Revenue Fund pursuant to Sections 5.04 and 5.05 which is equal to two months of Project Expenses as set out in the Annual Budget.

"Outstanding" shall mean as of any date, Bonds or Parity Notes theretofore or thereupon being authenticated and delivered under this Indenture except:

(i) Bonds or Parity Notes cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;

(ii) Bonds or Parity Notes in lieu of or in substitution for which other Bonds or Parity Notes shall have been authenticated and delivered pursuant to this Indenture;

(iii) Bonds or Parity Notes deemed to have been paid or defeased as provided in this Indenture (in Article XIII or in any Supplemental Indenture) or as provided by law; and

(iv) As otherwise provided in any Supplemental Indenture.

"Owner" shall mean the registered owner of any Bond or the owner of any Parity Obligation, as the case may be.

"Parity Credit Agreement" shall mean any agreement between the County and a third party financial institution pursuant to which such third party financial institution issues a letter of credit, municipal bond insurance policy, line of credit, standby purchase agreement, surety policy, surety bond, or other guarantee for the purpose of enhancing the creditworthiness or liquidity of any of the County's obligations pursuant to any Bonds, Parity Notes, or Parity Hedge Agreements, and in consideration for which the County may agree to pay certain fees and to reimburse and repay any amounts advanced under such Parity Credit Agreement, together with interest and other stipulated costs and charges.

"Parity Hedge Agreement" shall mean any agreement between the County and a qualifying financial institution (as described in the following sentence) for the purpose of providing an interest rate swap, 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 Older to hedge interest rate fluctuations on any portion of any Bonds or Parity Notes. A Parity Hedge Agreement may only be entered brio 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 ram 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 Parity Hedge Agreement.

"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.

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

(a) Parity Notes;

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

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

"Paying Agent" shall mean any bank or trust company or national or state banking association designated to make payment of the principal and Redemption Price of and interest on the Bonds or Parity Notes 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 Article IX of this Indenture.

"Permitted Encumbrances" shall mean:

(a) easements and rights of way on, over, across, or through any part of the Project which do not adversely affect the operations 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 County 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 County'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 home-rule 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 (i) the principal amount of Outstanding Bonds of said Series which mature on a single future date, reduced by the aggregate principal amount of such Outstanding Bonds of such Series which would at or before said future date be retired as a result of Sinking Fund Installments applied in accordance with this Indenture or a Supplemental Indenture plus (ii) the amount of any Sinking Fund Installment payable on said future date for the retirement of any Outstanding Bonds of said Series; and

(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 County's financial advisor to achieve an approximately equal annual amortization of Debt Service on such Series of Parity Notes over such 30 year period.

"Project" shall mean all of the County's right, title and interest (whether such interest is fee, easement, leasehold, contractual or otherwise) in and to (i) the Fort Bend Parkway and the Westpark Tollway and (ii) such other project or projects, or interest therein, with which the Project may be pooled pursuant to the Act or other applicable

law (each of which shall be a "Pooled Project"). Fort Bend Parkway and the Westpark Tollway shall include without limitation all of the following which are necessary or useful in connection therewith: causeways, bridges, tunnels, turnpikes, highways, or any combination of such facilities, and all overpasses, underpasses, interchanges, entrance plazas, toll houses, service stations, approaches, fixtures, accessories, equipment, and administration, storage and all other buildings, together with all property rights, easements and interests acquired in connection therewith, and any other improvements, extensions, and betterments as may now be permitted by the Act.

"Project Expenses" shall mean the County'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 (which may include premiums, costs, and expenses relating to interest rate caps, limits, or guarantees); (iii) Costs of Issuance not paid as a Cost of the Project; and (iv) payments to pension, retirement, health, and hospitalization funds.

"Project Segment" shall mean any addition to, or expansion or improvement of the Project identified as a Project Segment in any Supplemental 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 Series 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 Series.

"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, this Indenture, or any Supplemental Indenture.

"Refunding Bonds" or "Refunding Parity Notes" shall mean all Bonds or Parity Notes, whether issued in one or more Series, issued for the purpose of refunding a like or different principal amount of Bonds, Parity Notes, or other Toll Road Bonds, and thereafter authenticated and delivered pursuant to this Indenture or any Supplemental Indenture.

"Register" shall mean the register maintained by the Registrar for each Series of Bonds or Parity Notes which shows ownership of Bonds or Parity Notes in accordance with Section 3.08.

"Registrar" shall mean any agent of the Trustee designated to keep a register or registers of the Owners of the Bonds or Parity Notes of any Series as provided in any

Supplemental Indenture, and its successor or successors, which may include the Trustee.

"Renewal and Replacement Fund" shall mean the County Toll Road Renewal and Replacement Fund established in Section 5.02.

"Repurchase Agreement" shall mean an agreement entered into with a Person pursuant to which the County purchases and such Person agrees to repurchase specified Investment Securities provided that the repurchase price shall not be less than the purchase price.

"Responsible Officer" when used with respect to the Trustee, means any officer in the corporate trust department (or any successor thereto) of the Trustee, or any other officer or representative of the Trustee customarily performing functions similar to those performed by any of such officers and also means, with respect to a particular corporate trust matter, any other officer of the Trustee to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

"Revenue Fund" shall mean the County Toll Road Revenue Fund required to be maintained pursuant to Section 5.02.

"Revenues" shall mean all amounts derived from the ownership or operation of 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, plus any interest income earned on all Funds and Accounts established hereunder and under the 2003 Indenture which is required to be transferred to or maintained in the Revenue Fund, the Debt Service Fund, or the Reserve Fund, but specifically excluding interest income attributable to capitalized interest on the Bonds and Parity Notes.

"Series" shall mean Bonds or Parity Notes identified as a separate series and any Bonds or Parity Notes thereafter authenticated and delivered in lieu of or in substitution for such Bonds or Parity Notes pursuant to this Indenture or any Supplemental Indenture.

"Sinking Fund Installment" shall mean, as of any particular date of calculation and with respect to any Series of Bonds or Parity Notes, the amount of money to be applied as the Redemption Price of Bonds or Parity Notes in any Fiscal Year prior to maturity pursuant to the Supplemental Indenture for such Series, as such Installment shall have been previously reduced by the principal amount of any Bonds or Parity Notes of such Series of the maturity with respect to which such Sinking Fund Installment is payable which are purchased or redeemed by the Trustee in accordance with the provisions of Section 5.07 of this Indenture or of any Supplemental Indenture, other than a Sinking Fund Installment redemption or purchase.

"State" shall mean the State of Texas.

"Supplemental Indenture" shall mean any Indenture supplemental to or amendatory of this Indenture, adopted by the County in accordance with Article X or XI of this Indenture.

"Surplus Fund" shall mean the County Toll Road Surplus Fund required to be maintained pursuant to Section 5.02.

"Toll Road Bonds" shall mean the Bonds, and any other bonds from time to time hereafter issued for the purpose of providing funds to pay the Cost of the Project, whether pursuant to this Indenture or otherwise.

"Traffic Engineers" shall mean the traffic engineer employed by the County and "Independent Traffic Engineer" shall mean an engineering firm or corporation retained by the County, 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, respectively.

"Trust Estate" shall mean the Trust Estate as defined in Section 2.01 of this Indenture.

"Trustee" shall mean a commercial bank or trust company duly organized and existing under the laws of the State of Texas or 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 IX, and its successor or successors and any other person which may at any time be substituted in its place pursuant to this Indenture.

SECTION 1.02. Authority for this Indenture. This Indenture is adopted pursuant to the provisions of the Act.

SECTION 1.03. 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 1.01 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 shall never he 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 1.04. 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 and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Indenture.

[END OF ARTICLE I]

ARTICLE II

SECURITY OF THE BONDS AND PARITY OBLIGATIONS

SECTION 2.01. Granting Clauses. In order to secure the payment of the Bonds and Parity Obligations, including Principal Installments and Redemption Price of and interest on the Bonds and Parity Notes 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 and Parity Obligations by the Owners thereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County does hereby grant to the Trustee and its successors in trust hereunder a pledge of and lien on the following (collectively, the "Trust Estate"):

1. All right, title and interest of the County now owned or hereafter acquired in and to the moneys deposited or required to be deposited in the Debt Service Fund and the Debt Service Reserve Fund pursuant to the provisions of this Indenture, all right, title and interest in and to the Investment Securities held in the Debt Service Fund; provided, however, that the County expressly reserves the right to transfer any or all interest and investment income earned from Investment Securities held in the Debt Service Fund (other than amounts attributable to capitalized interest on the Bonds) to other Funds and Accounts as hereinafter provided.

2. For any Series of Bonds and Parity Obligations that are designated as Debt Service Reserve Fund Participants, all right, title and interest of the County now owned or hereafter acquired in and to the moneys deposited or required to be deposited in the Debt Service Reserve Fund Participant Account of the Debt Service Reserve Fund pursuant to the provisions of this Indenture, all right title and interest in and to the Investment Securities held in the Debt Service Reserve Fund Participant Account and any Debt Service Reserve Fund Surety Policy or Debt Service Reserve Fund Liquidity Facility held in the Debt Service Reserve Fund Participant Account pursuant to the provisions of this Indenture; provided, however, that the County expressly reserves the right to transfer any or all interest and investment income earned from Investment Securities held in the Debt Service Reserve Fund Participant Account to other Funds and Accounts as hereinafter provided. For any Series of Bonds and Parity Obligations that are not designated as Debt Service Reserve Fund Participants, all right, title and interest of the County now owned or hereafter acquired in and to the moneys deposited or required to be deposited in the respective Debt Service Reserve Fund Non-Participant Account of the Debt Service Reserve Fund pursuant to the provisions of this Indenture, all right title and interest in and to the Investment Securities held in the respective Debt Service Reserve Fund Non-Participant

Account and any Debt Service Reserve Fund Surety Policy or Debt Service Reserve Fund Liquidity Facility held in the respective Debt Service Reserve Fund Non-Participant Account pursuant to the provisions of this Indenture; provided, however, that the County expressly reserves the right to transfer any or all interest and investment income earned from Investment Securities held in the respective Debt Service Reserve Fund Non-Participant Account to other Funds and Accounts as hereinafter provided.

3. All right, title and interest of the County in and to the Revenues to the extent of Revenues as collected.

4. All right, title and interest of the County now owned or hereafter acquired in and to proceeds from the sale of Bonds or Parity Notes required to be deposited in the Construction Fund pursuant to the provisions of this Indenture (except as limited by the following proviso) and all right, title and interest in and to the Investment Securities held in the Construction Fund (except as limited by the following proviso) pursuant to the provisions of this Indenture; provided, however, that the County may establish one or more separate accounts in the Construction Fund to be funded with proceeds of any particular Series of Bonds or Parity Notes, which accounts and the proceeds of the particular Series of Bonds or Parity Notes deposited therein (together with all investments thereof and investment income earned thereon) may be pledged solely to the payment of one or more designated Series of Bonds or Parity Notes or portions thereof or any other Parity Obligations for any designated periods, or otherwise, all as permitted in Section 5.03 hereof and as shall be more fully provided in any Supplemental Indenture with respect to the proceeds of the Series of Bonds, Parity Notes or other Parity Obligations issued thereunder.

5. To the extent permitted by law, all right, title and interest of the County now owned or hereafter acquired in and to the proceeds from the sale of Toll Road Bonds and investments thereof from time to time on deposit in the Construction Fund required to be maintained pursuant to the 2003 Indenture.

6. Any and all property of every kind and nature (including, without limitation, cash, obligations, securities or proceeds of Parity Hedge Obligations) 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 County 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;

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 and Parity Obligations issued and to be issued hereunder, or any of them, without preference, priority or distinction as to lien or otherwise of any Bond or Parity Obligation over any other Bond or Parity Obligations except as provided in this Indenture;

PROVIDED, HOWEVER, that if the County, its successors or assigns, shall well and truly pay, or cause to be paid all amounts due on all Bonds and Parity Obligations, including all of the principal of and premium, if any, on the Bonds and Parity Notes and the interest due or to become due thereon, at the times and in the manner provided in the Bonds and Parity Obligations 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 or for the account of 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 pay or 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 2.02. 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 or Parity Obligations hereunder. Nothing in this Indenture shall create an obligation on the part of the County to physically deliver the Trust Estate to the Trustee except as expressly provided in this Indenture.

SECTION 2.03. Levy of Maintenance Tax. So long as any Bonds or Parity Obligations are Outstanding, the County shall in each year levy assess and collect an annual maintenance tax on all taxable property within the County fully sufficient in each such year (taking into account delinquencies and costs of collection) to produce maintenance tax revenues which shall be sufficient to (a) pay as they become due all Project Expenses for which there are insufficient available Revenues or (b) produce maintenance tax revenues for the Project equal to the amounts budgeted for such purpose in such year by the County, whichever is greater.

SECTION 2.04. 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.

[END OF ARTICLE II]

ARTICLE III

AUTHORIZATION AND ISSUANCE OF BONDS, PARITY NOTES, AND OTHER PARITY OBLIGATIONS, GENERAL TERMS AND PROVISIONS OF THE BONDS, PARITY NOTES, AND OTHER PARITY OBLIGATIONS

SECTION 3.01. Authorization of Bonds, Parity Notes, and other Parity Obligations.

1. This Indenture authorizes the issuance of Bonds, Parity Notes and other Parity Obligations of the County and creates a continuing pledge of and lien on the Trust Estate to secure the full and final payment of all amounts due on such Bonds, Parity Notes and other Parity Obligations, including, without limitation, the principal and Redemption Price of and interest on all the Bonds and Parity Notes as provided in Section 2.01. The aggregate principal amounts of the Bonds and Parity Notes which may be executed, authenticated and delivered under this Indenture and the aggregate amounts of any other Parity Obligations are not limited except as may be provided herein or in any Supplemental Indenture.

2. The Bonds and Parity Notes may, if and when authorized by the County pursuant to one or more Supplemental Indentures, be issued in one or more Series, and the designation thereof in addition to the name "Toll Road Revenue Bonds" or "Toll Road Revenue Notes," shall include such further appropriate particular designation added to or incorporated in such title for the Bonds and Parity Notes of any particular Series, as the County may determine. Each Bond and Parity Note shall bear upon its face the designation so determined for the Series to which it belongs.

SECTION 3.02. Provisions for Issuance of Bonds and Parity Notes.

1. All (but not less than all) the Bonds and Parity Notes of each Series shall be executed by the County for issuance under this Indenture and delivered to the Trustee or the Authenticating Agent and thereupon (except as provided in Section 3.02A) shall be authenticated by the Trustee or the Authenticating Agent and delivered by the Trustee or the Authenticating Agent to the County or upon its order, but only upon the receipt by the Trustee or the Authenticating Agent of:

(1) Counsel's Opinion to the effect that, as of its date, (i) this Indenture and the Supplemental Indenture authorizing the Bonds or Parity Notes of such Series have been duly authorized, executed and delivered by the County, are in full force and effect and constitute legal, valid and binding special obligations of the County; (ii) this Indenture and such Supplemental Indenture create the valid pledge of and lien on the Trust Estate which they purport to create, subject only to the provisions of this Indenture and such Supplemental Indenture permitting the application thereof for the purposes and on the terms and conditions set forth

in this Indenture and such Supplemental Indenture; and (iii) the Bonds or Parity Notes of such Series are (except as provided in Section 3.02A) valid and binding special obligations of the County and entitled to the benefits of this Indenture and such Supplemental Indenture; provided, however, that such Counsel's 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 authentication and delivery of such Bonds or Parity Notes signed by an Authorized Officer of the County;

(3) In the case of each Series of Bonds or Parity Notes, a copy of the Supplemental Indenture authorizing such Bonds or Parity Notes certified by an Authorized Officer of the County, which shall describe the Bonds or Parity Notes therein authorized and shall further specify (except as provided in Section 3.02A):

(a) The authorized principal amount, designation, and Series of such Bonds or Parity Notes;

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

(c) The maturity date or dates of the Bonds or Parity Notes of such Series;

(d) The interest rate or rates on the Bonds or Parity Notes 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;

(e) The authorized denominations of and the manner of dating, numbering, and lettering the Bonds or Parity Notes of such Series;

(f) The Paying Agent or Agents, for payment of the principal and Redemption Price, if any, of, and interest on, the Bonds or Parity Notes of such Series;

(g) The Redemption Price or Prices, if any, and, subject to Article IV, the redemption terms for the Bonds or Parity Notes of such Series;

(h) The amount and due date of each Sinking Fund Installment, if any, for Bonds or Parity Notes of like maturity of such Series;

(i) The forms of the Bonds or Parity Notes of such Series;

(j) The appointment of any Registrar, Authenticating Agent or other agents, if any, to act on behalf of the Trustee for such Series of Bonds or Parity Notes;

(k) Whether such Series of Bonds or Parity Notes constitute a Debt Service Reserve Fund Participant; and

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

(4) A Letter of Instructions which shall:

(a) State the Debt Service Reserve Fund Requirement as of the issuance of such Series of Bonds or Parity Notes;

(b) Direct the delivery to the Trustee for deposit into the Debt Service Reserve Fund Participant Account or a designated Debt Service Reserve Fund Non-Participant Account, of such amount (or such Debt Service Reserve Fund Surety Policy) as shall be required to increase the balance therein to the Debt Service Reserve Fund Requirement as adjusted for the issuance of such Series of Bonds or Parity Notes, at the date such adjusted Debt Service Reserve Fund Requirement becomes applicable; and

(c) Contain such other instructions as shall be appropriate to provide for the transfer and deposit of the proceeds of such Series of Bonds or Parity Notes in the Funds and Accounts hereinafter provided;

(5) A certificate of an Authorized Officer of the County 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 or Parity Notes (except as provided in Section 3.02A) have been issued in accordance with law, or a judgment of a State district court validating the issuance of such Bonds or Parity Notes. The reapproval of the Attorney General shall not be required for any Bond or Bonds or Parity Note or Notes issued in exchange, substitution, or replacement of another Bond or Bonds or Parity Note or Notes pursuant to the provisions of this Indenture or any Supplemental Indenture;

(7) Any required certificate of registration of the Bonds or Parity Notes 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 Articles X or XI of this Indenture or any Supplemental Indenture.

2. All Refunding Bonds or Parity Notes of each Series shall be executed by the County for issuance under this Indenture and delivered to the Trustee or

Authenticating Agent on behalf of the Trustee and thereupon shall be authenticated by the Trustee or Authenticating Agent on behalf of the Trustee and delivered to the County or upon its order, but only upon the receipt by the Trustee or Authenticating Agent on behalf of the Trustee of the following (except as provided in Section 3.02A):

(1) The documents referred to in subsection 1 of this Section 3.02;

(2) If any Bonds or Parity Notes to be refunded are to be called for redemption, a Letter of Instructions containing irrevocable instructions to the Trustee or Registrar on behalf of the Trustee, satisfactory to it, requiring that due notice be given of redemption of the Bonds or Parity Notes or portions thereof to be refunded on a redemption date specified in such instructions;

(3) If any Bonds are to be refunded prior to their maturity or redemption dates, a Letter of Instructions containing irrevocable instructions to the Trustee or Registrar, on behalf of the Trustee, satisfactory to it, requiring that due notice be given to the Owners of the Bonds being refunded as required by this Indenture;

(4) If any Bonds or Parity Notes are to be refunded other than by exchange and cancellation of the Bonds to be refunded, either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price (or the principal amount at maturity) of the Bonds or Parity Notes to be refunded, together with accrued interest on such Bonds or Parity Notes to the redemption (or maturity) date, which moneys shall be held by the Trustee, any Paying Agent or any one or more escrow agents, in a separate account irrevocably in trust for and assigned to the respective Owners of the Bonds or Parity Notes to be refunded, or (ii) Investment Securities or other obligations in such principal amounts of such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of subsection 2 of Section 13.01 and any money required pursuant to said subsection 2, which Investment Securities or other obligations and money shall be held in trust and used only as provided in said subsection 2; provided, however, that neither the Trustee nor Paying Agent shall be responsible for any calculations necessary for actions taken in connection with this Section 3.02; and

(5) If any Bonds are to be refunded, such further documents and moneys as are required by the provisions of Articles X or XI of this Indenture or any Supplemental Indenture.

3. Except for Bonds issued pursuant to the First Supplemental Indenture, no additional Series of Bonds or Parity Notes shall be issued unless the following additional requirements are satisfied by delivering to the Trustee:

(1) If such Series of Bonds or Parity Notes is being issued to complete a Project Segment, a certificate from an Independent Consulting Engineer to the effect that such Series of Bonds or Parity Notes is required to be issued to finance Costs of the Project for which there are not funds otherwise available and such Costs of the Project must be incurred in order to complete the Project Segment or to make such improvements, replacements or major repairs thereto as are essential to the operational and structural integrity and safety thereof;

(2) In the case of a Series of Refunding Bonds or Refunding Parity Notes (except as provided in Section 3.02A) issued to refund any Bonds or Parity Notes or to pay Debt Service incurred in connection with the Project, a certificate of the County's financial advisor containing either (a) a calculation showing that the Aggregate Debt Service on all Bonds, Parity Notes and other Parity Obligations that will be Outstanding after the issuance of such Refunding Bonds or Refunding Parity Notes will not increase the Aggregate Debt Service in any year that such Aggregate Debt Service would be scheduled to be payable without the issuance of such Series of Refunding Bonds or Refunding Parity Notes; or (b) a statement to the effect that the issuance of such Series of Refunding Bonds or Refunding Parity Notes is necessary or is intended to cure or prevent an Event of Default; or (c) a calculation demonstrating that such Series of Refunding Bonds or Refunding Parity Notes is necessary to refinance and amortize one or more Principal Installments or scheduled principal maturities which cause Aggregate Debt Service in the Fiscal Year in which they are payable to exceed the average annual Aggregate Debt Service by more than 20%; or

(3) For all Series of Bonds or Parity Notes for which the requirements of (1) or (2) above are not met, and as an alternative to those requirements,

(a) Beginning in 2012, an Accountant's Certificate to the effect that for any 12 consecutive month period out of the 24 months preceding the month in which the order is adopted authorizing the issuance of the additional Series of Bonds or Parity Notes, the coverage of Aggregate Debt Service for such 12 months on all Bonds, Parity Notes and other Parity Obligations Outstanding prior to the issuance of the additional Series of Bonds shall either be:

(i) At least 1.25 times by Net Revenues during such period, as adjusted for any toll increases theretofore placed in effect; or

(ii) At least 1.50 times by Revenues during such period, as adjusted for any toll increases theretofore placed in effect; and

(b) A certificate or report from an Independent Traffic Engineer to the effect that for the five-year period ending with the fifth complete

Fiscal Year following the date that the Project Segment to be financed with such Series of Bonds or Parity Notes is to be placed in service, the estimates for each Fiscal Year during such period by such Independent Traffic Engineer of the Aggregate Debt Service on all Bonds, Parity Notes and other Parity Obligations (including the Series of Bonds or Parity Notes to be issued and any additional Series of Bonds or Parity Notes and other Parity Obligations estimated to be required by such Independent Traffic Engineer to finance the completion of the Project Segment being financed with such Series of Bonds or Parity Notes) together with the estimated Revenues or Net Revenues (based upon such assumptions as he shall set forth in his certificate or report) will cover the estimated Aggregate Debt Service in each of such five Fiscal Years by either:

(i) At least 1.25 times by Net Revenues during such period; or

(ii) At least 1.50 times by Revenues during such period;

provided, however, that in lieu of such certificate or report from an Independent Traffic Engineer, the County may instead provide an Accountant's Certificate to the effect that for any 12 consecutive month period out of the 24 months preceding the month in which the order is adopted authorizing the issuance of the additional Series of Bonds or Parity Notes, either the actual Net Revenues or actual Revenues during such period were sufficient to provide the above applicable level of coverage of Aggregate Debt Service on all Bonds, Parity Notes, and other Parity Obligations (including the Series of Bonds or Parity Notes to be issued and any additional Series of Bonds or Parity Notes and other Parity Obligations estimated to be required to finance the completion of the Project Segment being financed with such Series of Bonds or Parity Notes).

SECTION 3.02A. Special Provisions for Issuance of Parity Notes.

1. Parity Notes of any Series may be issued as provided in Section 3.02 of this Indenture, except as set forth below:

(a) In the event the Parity Notes are to be issued pursuant to a commercial paper or other similar program providing for the periodic issuance and reissuance of such Parity Notes, then:

(i) Notwithstanding anything to the contrary contained in subparagraphs 1(3)(a), (c), (d), (g) and (h) of Section 3.02 of this Indenture, the Supplemental Indenture may, to the greatest extent permitted by law and the Act, delegate to certain authorized officials of the County the

power to determine the times and amounts of Parity Notes to be issued, the maturities, interest rates, redemption provisions and other matters with respect to the terms of the Parity Notes, so long as the Supplemental Indenture shall specify the maximum authorized principal amount of such Series of Parity Notes that may be outstanding at any time, shall designate the final maturity date of all Parity Notes of such Series and shall set the maximum rate of interest that such Parity Notes may bear.

(ii) Notwithstanding anything to the contrary contained in paragraphs 1(1) and 1(6) of Section 3.02 of this Indenture, Counsel's Opinion may be to the effect that the Parity Notes of such Series have been duly authorized by the County and if and when executed and delivered pursuant to the Supplemental Indenture authorizing such Series, will be in full force and effect and will constitute valid and binding special obligations of the County, and the opinion of the Attorney General of Texas may be to the effect that the authorizing proceedings pursuant to which the Series of Parity Notes are to be issued, have been authorized in accordance with law.

(iii) Notwithstanding anything to the contrary contained in paragraphs 1 and 2 of Section 3.02 of this Indenture, the Supplemental Indenture may make such provisions for the execution, authentication, and delivery of the Parity Notes of such Series from time to time, in installments, in such manner as shall be authorized and permitted by the Act.

(b) The conditions contained in paragraph 3(2) of Section 3.02 of this Indenture (relating to Refunding Bonds and Refunding Parity Notes) need not be satisfied as conditions to the issuance of any Parity Notes for the purpose of refunding or refinancing Parity Notes that were part of, or refinanced any part of, any Series of Parity Notes that were authorized or issued in satisfaction of the conditions in either paragraph 3(1) or paragraph 3(3) of Section 3.02 of this Indenture.

SECTION 3.02B. Special Provisions for Parity Credit Agreements.

1. At any time and from time to time as provided in any Supplemental Indenture, any designated Bonds, Parity Notes, or Parity Hedge Agreement may be further secured pursuant to one or more Parity Credit Agreements. Prior to entering into any such Parity Credit Agreement, the County, to the extent required by the Act, shall cause the proceedings authorizing the Parity Credit Agreement and any contracts or reimbursement agreements relating to such Parity Credit Agreement to be submitted to the Attorney General of Texas for his approval.

2. It shall be a condition to the County's incurrence of any Parity Obligation (including any reimbursement and/or repayment obligation) pursuant to a Parity Credit Agreement that the County shall deliver to the Trustee (a) Counsel's Opinion and a Certificate of an Authorized Officer of the County, the Bonds, Parity Notes or Parity Hedge Agreements secured by such parity Credit Agreement were issued or incurred in compliance with the applicable requirements of Section 3.02, Section 3.02A or Section 3.02C, as the case may be, of this Indenture; and (b) if the Parity Credit Agreement requires the County to make periodic payment from the Debt Service Fund of fees or other similar amounts to the issuer of such Parity Credit Agreement, then the County's financial advisor must certify with respect to such periodic payments (without regard to any reimbursement obligations in the event of draws or advances under the Parity Credit Agreement) either (i) that such amounts are less than the estimated reduction in interest or other Debt Service Costs to be realized by the County as a result of obtaining such Parity Credit Agreement or (ii) if added to the Debt Service on the Bonds, Parity Notes or Parity Hedge Agreement to which such Parity Credit Agreement relates, such amounts would not cause such Bonds, Parity Notes or Parity Hedge Agreement to fail to comply with the applicable requirements for their issuance or incurrence in Section 3.02, 3.02A, or 3.02C of this Indenture (including any applicable Debt Service coverage test).

3. The issuer of any Parity Credit Agreement shall be entitled to be subrogated to the rights of the Owners of the Bonds, Parity Notes or Parity Hedge Agreements secured by such Parity Credit Agreement, and the County's reimbursement and repayment obligations to such issuer of such Parity Credit Agreement shall be secured by the Trust Estate as herein provided and entitled to the security provided by this Indenture.

SECTION 3.02C. Provisions for Parity Hedge Agreements.

1. At any time and from time to time as provided in any Supplemental Indenture, the County may enter into Parity Hedge Agreements at or after the issuance of Bonds or Parity Notes, in anticipation of, related to, or in connection with the authorization, issuance, security, purchase, payment, sale, resale, redemption, remarketing, or exchange of any Bonds or Parity Notes for any purpose authorized by the Act.

2. Prior to entering into any Parity Hedge Agreement, the following requirements shall be satisfied by delivering to the Trustee:

(a) such certification(s) as shall be required to evidence satisfaction of the applicable conditions of paragraph 3 of Section 3.02 of the Indenture with respect to the Bonds or Parity Notes to which such Parity Hedge Agreement relates, which certification(s) shall be based upon calculations of Debt Service that shall take into account the Parity Hedge Agreement; and

(b) an opinion of the Attorney General of Texas approving the record of proceedings authorizing the Parity Hedge Agreement and any contracts related thereto, and determining that the proceedings of the County authorizing such Parity Hedge Agreement and related contracts conform to the requirements of the Act or other applicable law.

SECTION 3.03. Application of Bond and Parity Note Proceeds. The proceeds, including accrued interest, if any, of the Bonds or Parity Notes of each Series together with any other moneys provided by the County, shall be applied simultaneously with the delivery of such Bonds or Parity Notes in the manner provided in the Supplemental Indenture authorizing such Series of Bonds or Parity Notes.

SECTION 3.04. Medium of Payment; Form and Date; Letters and Numbers.

1. Except as may be provided by Supplemental Indenture, the Bonds and Parity Notes 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 and Parity Notes payable on each Interest Payment Date shall be computed as provided in each Supplemental Indenture with respect to the Series of Bonds or Parity Notes authorized by that Supplemental Indenture.

2. The Bonds and Parity Notes of each Series may be issued in such form or forms as shall be provided in each Supplemental Indenture with respect to the Series of Bonds or Parity Notes authorized by that Supplemental Indenture.

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

4. Bonds and Parity Notes of each Series shall be dated as of, and bear interest from such dates as shall be provided in each Supplemental Indenture with respect to the Series of Bonds and Parity Notes authorized by that Supplemental Indenture.

5. Unless a Supplemental Indenture provides otherwise:

(i) Interest on Bonds and Parity Notes 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 or Parity Note is registered on the Register at the close of business on the Record Date for such Interest Payment Date. Payment of interest on Bonds and Parity Notes 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 as of the Record Date unless otherwise provided in a Supplemental Indenture;

(ii) Payment of interest on Bonds and Parity Notes at maturity or on a redemption date shall be paid upon presentation and surrender of such Bonds or Parity Notes to the Paying Agent for cancellation at the Paying Agent's principal corporate trust office or other office as provided by Supplemental Indenture; and

(iii) Payment of the principal or Redemption Price on Bonds and Parity Notes shall be paid upon presentation and surrender of such Bonds or Parity Notes to the Paying Agent for cancellation at the Paying Agent's principal corporate trust office or other office as provided by Supplemental Indenture.

SECTION 3.05. Legends. The Bonds and Parity Notes 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 County prior to the authentication and delivery thereof.

SECTION 3.06. Execution, Authentication, and Registration.

1. The Bonds and Parity Notes shall be signed in the name of the County by the County Judge, attested by the County Clerk and, to the extent required by law, registered by the County Treasurer by their manual or facsimile signatures, and its corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon. In case any one or more of the officers who shall have signed any of the Bonds or Parity Notes shall cease to be such officer before the Bonds or Parity Notes so signed shall have been authenticated and delivered by the Trustee or the Authenticating Agent on behalf of the Trustee, such Bonds or Parity Notes may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed such Bonds or Parity Notes had not ceased to hold such offices. Any Bond or Parity Note of a Series may be signed on behalf of the County by such persons is at the time of the execution of such Bonds or Parity Notes shall be duly authorized or hold the proper office in the County, although at the date borne by the Bonds or Parity Notes of such Series such persons may not have been so authorized or have held such office.

2. Except as provided in this subsection, and if required by the Act, the Bonds of each Series shall, and the Parity Notes of each Series may, be registered by the Comptroller of Public Accounts of the State of Texas which shall be evidenced by the manual signature of the Comptroller of Public Accounts, or his bond clerk or assistant bond clerk, and the official seal of the Comptroller of Public Accounts shall be impressed or placed in facsimile thereon. Any Bond or Parity Note issued in exchange,

transfer, substitution, or replacement for any other Bond or Parity Note pursuant to the provisions of this Indenture or any Supplemental Indenture need not be registered by the Comptroller of Pubic Accounts.

3. The Bonds and Parity Notes 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 and Parity Notes dated as of the date of authentication, executed manually by an authorized officer of the Trustee or by a duly authorized officer of the Authenticating Agent. Only such Bonds and Parity Notes as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Indenture and no Bond or Parity Note shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed. Such certificate of authentication upon any Bond or Parity Note executed on behalf of the County shall be conclusive evidence that the Bond or Parity Note 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 3.07. Exchange of Bonds and Parity Notes. Unless otherwise provided in any Supplemental Indenture, Bonds and Parity Notes upon surrender thereof at the principal corporate trust office of the Trustee (or any agent appointed to act on behalf of the Trustee as provided in Section 3.13), when surrendered with a written instrument of transfer satisfactory to the Trustee (or such agent) duly executed by the registered Owner or the registered Owner's duly authorized attorney, may, at the option of the registered Owner thereof, and upon payment by such registered Owner of any charges which the Trustee, any Registrar, any Authenticating Agent or the County may make as provided in Section 309 (if permitted by the Supplemental Indenture authorizing the Bonds or Parity Notes of that Series), be exchanged for an equal aggregate principal amount of Bonds or Parity Notes of the same Series and maturity and in any authorized denomination.

SECTION 3.08. Negotiability, Transfer and Registry.

1. Unless otherwise provided in any Supplemental Indenture, Bonds and Parity Notes shall be transferable only upon the books of the County, which shall be kept for that purpose at the principal corporate trust office of the Trustee or other duly authorized Registrar for such Series of Bonds or Parity Notes by the registered Owner thereof in person or by the registered Owner's attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee or Registrar duly executed by the registered Owner or the registered Owner's duly authorized attorney.

The Trustee shall keep, or cause to be kept, on behalf of the County at the corporate trust office of the Trustee or such other location or locations as shall be provided in any Supplemental Indenture, a register or registers, in which, subject to

such reasonable regulations as the County, the Trustee, and the Registrar may prescribe, the County shall cause Bonds and Parity Notes to be registered and shall transfer Bonds and Parity Notes as in this Article III provided. Upon the transfer of any such Bond or Parity Note and payment of any required fees, the County shall issue in the name of the transferee a new, fully registered Bond or Parity Note of the same aggregate principal amount and maturity as the surrendered bond.

2. The County, the Trustee, any Paying Agent, any Registrar, and any Authenticating Agent may deem and treat the person in whose name any Bond or Parity Note shall be registered in the Register as the absolute Owner of such Bond or Parity Note, whether such Bond or Parity Note shall be overdue or not, for the purpose of receiving payment of or on account of, the principal of and interest on such Bond or Parity Note 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 or Parity Note to the extent of the sum or sums so paid, and the County, the Trustee, Paying Agent, any Registrar, and any Authenticating Agent shall not be affected by any notice to the contrary.

SECTION 3.09. Regulations with Respect to Exchanges and Transfers. Except as otherwise provided in any Supplemental Indenture, in all cases in which the privilege of exchanging or transferring Bonds or Parity Notes is exercised, the County shall execute and the Trustee or the duly authorized Authenticating Agent shall authenticate and deliver Bonds or Parity Notes in accordance with the provisions of this Indenture. All registered Bonds or Parity Notes surrendered in any exchanges or transfers shall forthwith be cancelled by the Trustee or the duly authorized Authenticating Agent. For every such transfer of Bonds or Parity Notes pursuant to Section 3.08, whether temporary or definitive, the County, the Trustee, any Registrar, or any Authenticating Agent may make a charge sufficient to reimburse it or them for any expense, tax, fee or other governmental charge required to be paid with respect to such transfer. In addition for every exchange of Bonds or Parity Notes (other than the exchange of temporary Bonds or Parity Notes for definitive Bonds or Parity Notes), the County, the Trustee, the Registrar, or the Authenticating Agent may make reasonable charges to cover the charges and costs of printing Bonds or Parity Notes including any Trustee's or Authenticating Agent's charges in connection therewith. The payment of the sum or sums provided in this section 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 or Parity Notes issued in exchange, substitution, or replacement of other Bonds or Parity Notes may bear a certificate of the Trustee or the Authenticating Agent on behalf of the Trustee, which may be executed in facsimile, to the effect that the Series of Bonds or Parity Notes of which the exchanged, substituted or replaced Bond or Parity Note 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 or

Parity Notes for a period of 15 days next preceding the selection of Bonds or Parity Notes for redemption or to transfer or exchange any Bonds or Parity Notes called for redemption.

SECTION 3.10. Bonds and Parity Notes, Mutilated, Destroyed, Stolen or Lost. In case any Bonds or Parity Notes shall become mutilated or be destroyed, stolen or lost, the County shall execute by facsimile signature or otherwise, and thereupon the Trustee or duly authorized Authenticating Agent shall authenticate and deliver, a new Bond or Parity Note of like Series, maturity date, principal amount and interest rate per annum as the Bond or Parity Note so mutilated, lost, stolen or destroyed, provided that (i) in the case of such mutilated Bond or Parity Note, such Bond or Parity Note appertaining is first surrendered to the Trustee or duly authorized Authenticating Agent, (ii) in the case of any such lost stolen or destroyed Bond or Parity Note, there is first furnished evidence of such loss, theft or destruction satisfactory to the Trustee or duly authorized Authenticating Agent together with indemnity satisfactory to the Trustee or duly authorized Authenticating Agent, (iii) all other reasonable requirements of the Trustee or duly authorized Authenticating Agent are complied with, and (iv) expenses in connection with such transaction are paid by the Owner. Except as provided in Section 3.09, all Bonds and Parity Notes so surrendered to the Trustee or Registrar shall be cancelled by it. Any such new Bonds and Parity Notes issued pursuant to this section in substitution for Bonds and Parity Notes alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the County, whether or not the Bonds and Parity Notes 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 and Parity Notes issued under this Indenture.

SECTION 3.11. Temporary Bonds.

1. Until the definitive Bonds or Parity Notes of any Series are prepared, the County may execute, in the same manner as is provided in Section 3.06 and, upon the request of the County, the Trustee or the Authenticating Agent on behalf of the Trustee shall authenticate and deliver, in lieu of definitive Bonds or Parity Notes, but subject to the same provisions, limitations and conditions as the definitive Bonds or Parity Notes except as to denomination, one or more, temporary Bonds or Parity Notes substantially of the tenor of the definitive Bonds or Parity Notes in lieu of which such temporary Bonds or Parity Notes are issued in denominations as provided in a Supplemental Indenture authorized by the County, and with such omissions, insertions and variations as may be appropriate to temporary Bonds or Parity Notes. The County at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds or Parity Notes, the Trustee or Authenticating Agent on behalf of the Trustee shall authenticate and without charge to the Owner thereof, deliver in exchange therefor, definitive Bonds or Parity Notes of the same aggregate principal amount, interest rate and maturity as the temporary Bonds or Parity Notes surrendered. Until so exchanged,

the temporary Bonds or Parity Notes shall in all respects be entitled to the same benefits and security as definitive Bonds or Parity Notes authenticated and issued pursuant to this Indenture.

2. If the County shall authorize the issuance of temporary Bonds or Parity Notes in more than one denomination, the Owner of any temporary Bonds or Parity Notes may, at said Owner's option, surrender the same to the Trustee in exchange for other temporary Bonds or Parity Notes of like aggregate principal amount, interest rate and maturity of any other authorized denomination or denominations and thereupon the County shall execute and the Trustee or a duly authorized Authenticating Agent shall authenticate and in exchange for the temporary Bonds or Parity Notes so surrendered and upon payment of the taxes, fees and charges as provided for in Section 3.09, shall deliver temporary Bonds or Parity Notes of like aggregate principal amount, interest rate and maturity in such other authorized denomination or denominations as shall be requested by such Owner.

3. All temporary Bonds or Parity Notes surrendered in exchange either for other temporary Bonds or Parity Notes or for definitive Bonds or Parity Notes shall be forthwith cancelled by the Trustee or Authenticating Agent.

SECTION 3.12. Cancellation and Destruction of Bonds and Parity Notes. Except as otherwise provided in this Indenture, all Bonds and Parity Notes paid in full, either at or before maturity, or purchased by the County pursuant to Section 5.07, shall be delivered to the Trustee when such payment or purchase is made, and such Bonds and Parity Notes shall thereupon be promptly cancelled. Bonds or Parity Notes so cancelled shall be disposed of in accordance with the Trustee's customary procedures. The Trustee, who shall upon written request, execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds or Parity Notes so disposed of, and one executed certificate shall be filed with the County and the other executed certificate shall be retained by the Trustee. However, no Bond or Parity Note shall be destroyed before the expiration of one year after the date of its payment or before the expiration of three months after the date the Trustee files with the Commissioners Court a list identifying the Bonds or Parity Notes to be destroyed, unless other provisions for the destruction of Bonds or Parity Notes are prescribed by law.

SECTION 3.13. Appointment of Agents to Act on Behalf of Trustee. Unless otherwise provided in any Supplemental Indenture, the Trustee may execute any of the trusts or powers granted under this Indenture or perform any duties imposed under this Indenture, including, specifically, its duties with respect to authentication, registration, transfer, or exchange of any Bonds or Parity Notes, either directly or by or through agents or attorneys empowered to act on behalf of the Trustee. The Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed or designated by the County or the Trustee to act on behalf of the

Trustee. For all purposes of this Indenture, the authentication and delivery of Bonds or Parity Notes by a duly authorized Authenticating Agent pursuant to this Article III shall be deemed to be the authentication and delivery of Bonds or Parity Notes "by the Trustee," and the registration and transfer of Bonds or Parity Notes by a duly authorized Registrar pursuant to this Article III shall be deemed to be the registration and transfer of Bonds or Parity Notes "by the Trustee."

[END OF ARTICLE III]

ARTICLE IV

REDEMPTION OF BONDS AND PARITY NOTES

SECTION 4.01. Privilege of Redemption and Redemption Price. Bonds and Parity Notes subject to redemption prior to maturity pursuant to a Supplemental Indenture shall be redeemable, upon notice as provided in this Article IV unless a different notice provision is provided for in a Supplemental Indenture, at such times, at such Redemption Prices and upon such terms in addition to the terms contained in this Article IV as may be specified in the Supplemental Indenture authorizing such Series.

SECTION 4.02. Redemption at the Election or Direction of the County. In the case of any redemption of Bonds or Parity Notes at the election or direction of the County, the County shall give written notice to the Trustee and any Paying Agent of its election or direction so to redeem, of the redemption date, of the Series, and of the principal amounts of the Bonds or Parity Notes of each maturity of such Series to be redeemed (which Series maturities and principal amounts thereof to be redeemed shall be determined by the County in its sole discretion, subject to any limitations with respect thereto as are contained in Section 4.04 of this Indenture). Such notice shall be given at least 45 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 4.05 provided, there shall be paid on or before the redemption date to the Trustee or appropriate Paying Agents an amount which, in addition to other moneys, if any, available therefor held by the Trustee or Paying Agents will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds or Parity Notes to be redeemed.

SECTION 4.03. Redemption Otherwise than at County's Election or Direction. Whenever by the terms of this Indenture or any Supplemental Indenture the Trustee or Paying Agent on behalf of Trustee is required or authorized to redeem Bonds or Parity Notes otherwise than at the election or direction of the County, the Trustee or Paying Agent on behalf of Trustee shall select the Bonds or Parity Notes to be redeemed give the notice of redemption and payout moneys available therefor at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Indenture and any Supplemental Indenture.

SECTION 4.04. Selection of Bonds and Parity Notes to be Redeemed. If less than all of the Bonds or Parity Notes of like Maturity of any Series shall be called for prior redemption, the particular Bonds or Parity Notes or portions thereof to be redeemed shall be selected by lot or other random method by the Trustee in such a manner as the Trustee may determine unless otherwise provided by the Supplemental Indenture authorizing that Series.

SECTION 4.05. Notice of Redemption. Unless otherwise provided in a Supplemental Indenture authorizing a Series of Bonds or Parity Notes, notice of redemption shall be given in accordance with this Section 4.05. When the Trustee or Paying Agent shall receive notice from the County of its election or direction to redeem Bonds or Parity Notes pursuant to Section 4.02, and when such redemption is authorized or required pursuant to Section 4.03, the Trustee or the Registrar or Paying Agent on behalf of the Trustee shall give notice, in the name of the County, of such redemption which notice shall specify the Series and maturities to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds or Parity Notes of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds or Parity Notes so to be redeemed and, in the case of Bonds or Parity Notes to be redeemed in part only, such notices shall also specify the respective portions of the principal amounts thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond or Parity Note to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof, in the case of Bonds or Parity Notes to be redeemed in part only, together with interest accrued to the redemption date, and that, if the Redemption Price is deposited, from and after such date interest thereon shall cease to accrue and be payable. The Trustee or the Registrar or Paying Agent on behalf of the Trustee shall mail a copy of such notice first class mail, postage prepaid, not less than 30 days before the redemption date, to the Owners of any registered Bonds or Parity Notes or portions thereof which are to be redeemed, at their last addresses, if any, appearing upon the Register. The Trustee's, Registrar's or Paying Agent's obligation to give notice required by this section shall not be conditioned upon the prior payment to the Trustee of funds sufficient to pay the Redemption Price to which such notice relates or interest thereon to the redemption date.

SECTION 4.06. Payment of Redeemed Bonds or Parity Notes. Notice having been given in the manner provided in Section 4.05, the Bonds or Parity Notes or portions thereof called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice. If there shall be called for redemption less than all of a Bond or Parity Note, the County shall execute and the Trustee or the Authenticating Agent shall authenticate, upon the surrender of such Bond or Parity Note, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Bond or Parity Note so surrendered, Bonds or Parity Notes of like Series and maturity in any authorized denomination. If, on the redemption date, moneys for the redemption of all the Bonds or Parity Notes or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Trustee or a Paying Agent so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on

the Bonds or Parity Notes or portions thereof of such Series and maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Bonds or Parity Notes or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

SECTION 4.07. Appointment of Agents to Act on Behalf of Trustee. Unless otherwise provided in any Supplemental Indenture, the Trustee may execute any of the trusts or powers granted under this Indenture or perform any duties imposed under this Indenture, including, specifically, its duties with respect to the redemption of any Bonds or Parity Notes, either directly or by or through agents or attorneys empowered to act on behalf of the Trustee. The Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed or designated by the County to act on behalf of the Trustee. For all purposes of this Indenture, the redemption of Bonds or Parity Notes by a duly authorized Paying Agent pursuant to this Article IV (including selection of Bonds or Parity Notes for redemption, giving notice thereof, paying such Bonds or Parity Notes at redemption or purchasing Bonds or Parity Notes in lieu of redemption) shall be deemed to be the redemption of Bonds or Parity Notes "by the Trustee."

[END OF ARTICLE IV]

ARTICLE V

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

SECTION 5.01. The Pledge Affected by this Indenture. The Bonds, Parity Notes and other Parity Obligations 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 County regardless of whether such persons have notice thereof.

SECTION 5.02. Establishment of Funds. The following Funds shall be maintained:

1. Construction Fund, which may be held by the County (including special accounts therein which may be established pursuant to the sections below);

2. Revenue Fund, to be held by the County;

3. Debt Service Fund, to be held by the Trustee;

4. Debt Service Reserve Fund, to be held by the Trustee;

5. Renewal and Replacement Fund, to be held by the County;

6. Maintenance Tax Fund, to be held by the County; and

7. Surplus Fund, to be held by the County.

The Supplemental Indenture shall specify whether the County or the Trustee will hold the Construction Fund.

Money and Investment Securities to the credit of the Funds and Accounts maintained in this section which are held by the County may be commingled with other money and investments of the County, so long as the interest of each of the Funds and Accounts created in this section is specifically identified in the County'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 5.03. Construction Fund.

1. 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. There may also be paid into the Construction Fund, at the option of the County, any moneys

received by the County from any source unless otherwise required to be applied by this Indenture or any Supplemental Indenture.

2. Separate, segregated accounts may be created within the Construction Fund and held by the Trustee, the Paying Agent, any tender agent, or other entity in the manner provided in any Supplemental Indenture authorizing such accounts. Money held in such accounts shall be held separately from other moneys in the Construction Fund and shall be disposed of only in the manner provided in the Supplemental Indentures authorizing such accounts. Without in any way limiting the generality of the foregoing, such separate, segregated accounts and all funds, investments thereof and investment income earned thereon may be pledged (and a lien and security interest therein may be granted) to secure for any period of time the payment of principal of and/or the purchase price of any or all of any such Series of Bonds or Parity Notes issued pursuant to such Supplemental Indenture or other Parity Obligations incurred pursuant to such Supplemental Indenture and interest thereon to any date, all as may be more fully provided in such Supplemental Indenture, in which case such pledge, lien and security interest will be prior and superior to the lien and pledge on the Construction Fund granted by this Indenture securing the Bonds and Parity Obligations generally.

Amounts in the Construction Fund shall be used to pay any or all of the following: (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, (iii) Project Expenses and interest on Toll Road Bonds, Parity Notes and other Parity Obligations as permitted in the Act attributable to the first twelve months of operation of any portion of the Project as such portion becomes operational, except to the extent otherwise paid, and (iv) with respect to special accounts created within the Construction Fund by a Supplemental Indenture to pay all amounts authorized by such Supplemental Indenture. Money in the Construction Fund shall be paid out on warrant or requisition approved in accordance with the Act or other law governing the disbursement of County funds.

Amounts in the Construction Fund may be transferred to the Debt Service Fund and applied to the payment of interest on or principal or Redemption Price of the Bonds or Parity Notes or payment of other Parity Obligations when due, to the extent that other funds established for those purposes are insufficient.

SECTION 5.04. Revenue Fund. Except as otherwise specifically provided in this Article V, all Revenues shall be deposited as promptly as practicable in the Revenue Fund as collected. Amounts in the Revenue Fund shall be used for the following purposes and in the following order of priority:

1. Transfers to the Debt Service Fund as provided in this Article V;

2. Transfer to the Debt Service Reserve Fund as provided in this Article V;

3. Transfer to any funds and accounts established in connection with the issuance of Junior Lien Obligations;

4. Payment or provision for payment of Project Expenses to the extent not paid from other sources;

5. Establishment and maintenance of the Operating Reserve, which shall be kept in the Revenue Fund;

6. Transfers to the Renewal and Replacement Fund as provided in this Article V;

7. Payment or provision for payment of subordinate indebtedness which is not payable as a first or prior charge on Revenues, including any indebtedness to be paid pursuant to the 2003 Indenture; and

8. Transfers to the Surplus Fund as provided in this Article V.

SECTION 5.05. Flow of Funds.

1. Money in the Revenue Fund shall be used to make or provide for all payments, deposits, and transfers required by this Indenture. 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 Debt Service Fund from the Revenue Fund, amounts which, when added to other amounts in the Debt Service 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:

(a) any interest to become due and payable on each Series of Outstanding Bonds and Parity Notes on the next Interest Payment Date for such Series; and

(b) any Principal Installments to become due and payable on any Series of Outstanding Bonds and Parity Notes on or before the next date (within the next 12 months) on which such Principal Installment is payable; and

(c) if provided in any Supplemental Indenture, any amounts required to be paid to any bank, securities dealer, financial institution or other party in connection with any Series of Bonds or Parity Notes for the payment thereof and amounts due under any other Parity Obligation, including pursuant to Parity Credit Agreements and Parity Hedge Agreements and for any other services

rendered in connection with remarketing, interest rate indexing, tender agent services or otherwise as may be provided in, such Supplemental Indenture.

2. After the payments, provisions for payment, deposits and transfers set out in subsection 1 above, if the Debt Service Reserve Fund contains less than the Debt Service Reserve Fund Requirement, on or before the last day of each month there shall be transferred into the Debt Service Reserve Fund, out of money held in the Revenue Fund an amount equal to 1/60 of the Debt Service Reserve Fund Requirement or the amount needed to attain the Debt Service Reserve Fund Requirement, whichever is lesser, which transfers shall continue until the Debt Service Reserve Fund contains the Debt Service Reserve Fund Requirement; provided, however, that by Supplemental Indenture, the County may provide for other or greater transfers in connection with the purchase or acquisition of any Debt Service Reserve Fund Surety Policy.

3. After the payments, provisions for payment, deposits and transfers set out in subsections 1 and 2 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 any Junior Lien Obligation at the time and manner provided in such instrument.

4. After the payments, provisions for payment, deposits and transfers set out in subsections 1, 2, and 3 above, on or before the last day of each month, to the extent not paid from other sources, Project Expenses for such month shall be paid from the Revenue Fund.

5. After the payments and provisions for payment set out in subsections 1, 2, 3, and 4 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 Reserve.

6. After the payments, provisions for payment, deposits and transfers set out in subsections 1, 2, 3, 4, and 5 above, on or before the last day of each month there shall be set aside, out of money in the Revenue Fund, the amount, if any, required by the County from time to time hereafter to be deposited into the Renewal and Replacement Fund.

7. After the payments and provisions for payment set out in subsections 1, 2, 3, 4, 5, and 6 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 any subordinate indebtedness which is not payable as a first or prior charge on Revenues, including bonds issued pursuant to the 2003 Indenture at the time and in the manner provided for in such installment.

8. After all payments, provisions for payment, deposits and transfers setout above in this Section 5.05, any money remaining in the Revenue Fund may be transferred to the Surplus Fund.

SECTION 5.06. Other Transfers to Debt Service Fund. Notwithstanding anything in this Article to the contrary, if on any Interest Payment Date, any date a Principal Installment is due or on any other date there are not sufficient Revenues in the Revenue Fund to make the transfers to the Debt Service Fund required by Section 5.05, there shall be transferred from the Renewal and Replacement Fund, the Surplus Fund, and, at the County's discretion, from any other lawfully available source the amount which, together with the amount to be transferred from the Revenue Fund, will result in the Debt Service Fund having the balances required to be on deposit therein.

SECTION 5.07. Debt Service Fund.

1. Unless provision for payment has been made with the Paying Agent, there shall be paid out of the Debt Service Fund on or before each Interest Payment Date for any of the Bonds and Parity Notes, the amount required for the interest payment on such date. There shall be paid out of the Debt Service Fund on or before each Principal Installment due date the amount required for the Principal Installment payable on such due date. On or before any redemption date for Bonds or Parity Notes to be redeemed, there shall also be paid out of the Debt Service Fund the amount required for the payment of the Redemption Price of and interest on the Bonds or Parity Notes then to be redeemed.

2. Amounts in the Debt Service Fund with respect to any Sinking Fund Installment (together with amounts in the Debt Service Fund with respect to interest on the Bonds or Parity Notes for which such Sinking Fund Installment was established) shall be applied to the redemption of Bonds or Parity Notes of the Series and maturity for which such Sinking Fund Installment was established in an amount not exceeding that necessary to complete the retirement of such Sinking Fund Installment as hereinafter provided. Unless otherwise provided in any Supplemental Indenture, as soon as practicable after the 40th day preceding the due date or any such Sinking Fund Installment, the Trustee or the Registrar or Paying Agent on behalf of the Trustee shall proceed to call for redemption, by giving notice as provided in Section 4.05, on such due date Bonds or Parity Notes of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Bonds or Parity Notes maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of such Sinking Fund Installment, provided that for this purpose the principal amount of Bonds or Parity Notes of such Series and maturity theretofore, delivered by the County to the Trustee to satisfy such Sinking Fund Installment as provided in subsection 3 of this section shall be credited against the amount of such Sinking Fund Installment. Such notice shall be given regardless of whether or not moneys therefor shall have been deposited in the Debt Service Fund and without any

instructions of the County. In satisfaction, in whole or in part, of any Sinking Fund Installment, the County may deliver to the Trustee at least 40 days prior to the due date of such Sinking Fund Installment for cancellation, Bonds or Parity Notes of the Series and maturity for which such Sinking Fund Installment was established.

3. Upon any purchase pursuant to subsection 4 of this Section 5.07 of Bonds or Parity Notes of any Series and maturity for which Sinking Fund Installments have been established, the principal amount of such Bonds or Parity Notes purchased shall be credited toward the next Sinking Fund Installment or Installments.

4. The Trustee shall, at any time at the written direction of the County, apply amounts available in the Debt Service Fund for the payment of any Principal Installments to pay the principal portion of Bonds or Parity Notes of any Series and maturity for which such Sinking Fund Installment has been established, which the County 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 or Parity Notes.

5. There shall also be paid out of the Debt Service Fund any amounts required to be paid to any bank, securities dealer, financial institution or other party in connection with any Series of Bonds or Parity Notes for the payment thereof and amounts due under any other Parity Obligation, including pursuant to Parity Credit Agreements and Parity Hedge Agreements and for any other services rendered in connection with remarketing, indexing, tender agent services or otherwise as may be provided in such Supplemental Indenture.

SECTION 5.08. Debt Service Reserve Fund.

1. The County shall establish within the Debt Service Reserve Fund a Debt Service Reserve Fund Participant Account. The County shall maintain within the Debt Service Reserve Fund Participant Account a balance equal to the Reserve Fund Requirement for the Debt Service Reserve Fund Participants. With respect to Bonds or Parity Notes that are not Debt Service Reserve Fund Participants, the County shall establish within the Debt Service Reserve Fund one or more Debt Service Reserve Fund Non-Participant Accounts. The County shall maintain within each Debt Service Reserve Fund Non-Participant Account a balance equal to the Reserve Fund Requirement for the particular Series of Bonds or Parity Notes, if any.

2. The Debt Service Reserve Fund Participant Account shall be used to pay the principal of and interest on the Bonds and Parity Notes that are Debt Service Reserve Fund Participants at any time when there is not sufficient money available in the Debt Service Fund for such purpose. The Debt Service Reserve Fund Non-Participant Account(s) shall be used to pay the principal of and interest on such respective Series of Bonds and Parity Notes that are not designated as Debt Service

Reserve Fund Participants at any time when there is not sufficient money in the Debt Service Fund for such purpose.

3. When the amount in the Debt Service Reserve Fund together with the amounts in the Debt Service Fund is sufficient to fully pay all Outstanding Bonds, Parity Notes and other Parity Obligations in accordance with their terms (including principal or Redemption Price and interest thereon), the funds on deposit in the Debt Service Reserve Fund at the written direction of the County may be used to pay the principal and Redemption Price of and interest on all Outstanding Bonds and Parity Notes and to pay all other Parity Obligations.

4. In lieu of cash or Investment Securities, the Debt Service Reserve Fund Requirement may be satisfied in whole or in part with one or more Debt Service Reserve Fund Surety Policies. Such Debt Service Reserve Fund Surety Policies may be drawn upon only after all other amounts in the Debt Service Reserve Fund have been used or applied, and other amounts in the Debt Service Reserve Fund may be used to reimburse and repay issuers of Debt Service Reserve Fund Surety Policies for amounts drawn thereon together with interest thereon and related costs, all as may be more fully provided by Supplemental Indenture.

5. Whenever the amount in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement and all reimbursement and repayment obligations pursuant to any Debt Service Reserve Fund Surety Policy have been satisfied, the County may direct the Trustee to transfer such excess to the Debt Service Fund or to any other Fund or Account.

SECTION 5.09. Renewal and Replacement Fund. Moneys held in the Renewal and Replacement Fund may be used for repairs, replacements, extensions, renewals, betterments, improvements, and reconstruction of the Project that are not Project Expenses, and for transfers to the Debt Service Fund and Debt Service Reserve Fund to maintain the required balances therein if no other funds are available for such purpose.

SECTION 5.10. Maintenance Tax Fund. All proceeds of the maintenance tax levied pursuant to Section 2.03 of this Indenture shall be deposited in the Maintenance Tax Fund. Amounts deposited therein and all investment income earned thereon shall be applied solely to the payment of Project Expenses and to other lawful maintenance expenses, and shall never be applied to the payment of Debt Service on the Bonds or Parity Notes or to the payment of any other Parity Obligation to the extent not authorized by law.

SECTION 5.11. Surplus Fund. Moneys held in the Surplus Fund may be used: (1) 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 County in connection with the Project, (2) for transfers to the Debt Service Fund and Debt Service Reserve Fund to maintain the required balances therein if no other funds are available for such purpose, (3) for the redemption of Bonds, Parity Notes, Parity Obligations, Junior Lien Obligations or Toll Road Bonds, (4) to provide for a toll rate stabilization, and (5) to pay capital costs, including without limitation, engineering, land acquisition, and construction for any project on the County's major thoroughfare plan.

[END OF ARTICLE V]

ARTICLE VI

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

SECTION 6.01. 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 County under this Indenture shall be deposited with one or more Depositories in the name of the County. 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 6.02. Deposits and Transfers.

1. All moneys held by any Depository in trust for the Trustee under this Indenture may be placed on demand or time deposit, if and as directed by the County, 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, maybe deposited by the Fiduciary in its banking department on demand or, if and to the extent directed by the County 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.

2. All moneys held under this Indenture by the Trustee, as a Depository, or any Depository shall be continuously and fully secured for the benefit of the County 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, which, securities may be substituted for one another from time to time, 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 2 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 my Bonds or Parity Notes, 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.

3. For purposes of maximizing investment returns, money in any Fund or Account held by the County may be invested, together with other money of the County, in common Investment Securities, or in a common pool of such investments which shall be kept and held at an official Depository of the County provided that the County'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.

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

5. 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 entry 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 County 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 County.

SECTION 6.03. Investment of Certain Funds.

1. Moneys held in the Debt Service Fund and the Debt Service Reserve Fund shall be invested and reinvested by the Trustee as promptly as practicable, in accordance with written instructions from the County, and moneys in all other Funds shall be invested and reinvested by the County, in each case to the fullest extent practicable and if permitted by the Act, in Investment Securities the proceeds of which the County 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. If the Trustee does not receive written directions as provided herein from the County, the Trustee shall invest moneys on deposit in the Funds it holders in the Wells Fargo Advantage 100% Treasury Money Market Fund, or a comparable cash management fund which constitutes an Investment Security is such fund is not available or does not qualify as an Eligible Investment, until written directions regarding investments are received. The Trustee may make any and all such investments through its own trust department or of any affiliate. To assure that cash on hand is invested, the Trustee is authorized to implement its automated cash management system and to charge its normal management fees in respect thereto which

may be deducted from earnings. Investment Securities may be those offered by the Trustee or an affiliate of the Trustee.

2. Notwithstanding anything herein to the contrary, Investment Securities 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; provided, however, that any Investment Securities for which the County or Trustee shall hold a Debt Service Reserve Fund Liquidity Facility shall be deemed to have a maturity equal to the period of notice of purchase to the issuer of the Debt Service Reserve Fund Liquidity Facility.

2. Interest earned or profits realized from investing any moneys (i) representing capitalized interest for Bonds or Parity Notes deposited in the Debt Service Fund or (ii) in the Construction Fund may be retained in such Funds. Interest earned from the investment of any moneys in any other Fund or Account shall be transferred into the Revenue Fund.

SECTION 6.04. Valuation and Sale of Investments.

1. Investment Securities acquired as an investment of moneys in any Fund or Account created under the provisions of this Indenture shall be at all times a part of such Fund or Account and any profit or loss realized from the liquidation of such investment shall be applied as provided in subsection 2 of Section 6.03.

2. In computing the amount in the Debt Service Reserve Fund, obligations purchased as an investment of moneys therein shall be valued at their Amortized Value plus accrued interest except that time deposits shall be valued at cost plus accrued interest; provided, however, that Investment Securities for which the County or the Trustee holds a Debt Service Reserve Fund Liquidity Facility, shall never be valued at less than the amount for which they are subject to being purchased pursuant to such Debt Service Reserve Fund Liquidity Facility.

3. Except as otherwise provided in this Indenture, the Trustee shall sell at the best price obtainable, 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 County 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 in this Article or for any loss resulting from any such investment.

[END OF ARTICLE VI]

ARTICLE VII

PARTICULAR COVENANTS OF THE COUNTY

The County represents, covenants, and agrees with the Trustee and the Owners of all Bonds, Parity Notes, and other Parity Obligations as follows:

SECTION 7.01. Payment. The County shall duly and punctually pay or cause to be paid, but solely from the Trust Estate including the Revenues, the proceeds of the Bonds and Parity Notes and other funds pledged therefor by this Indenture, the principal or Redemption Price of every Bond and Parity Note and the interest thereon and all other amounts due under Parity Obligations, at the dates and places and in the manner provided therein, according to the true intent and meaning thereof.

SECTION 7.02. Maintenance of Office or Agency. The County will maintain, for each Series of Bonds and Parity Notes, and in the manner provided in each Supplemental Indenture, one or more offices or agencies where Bonds and Parity Notes may be presented or surrendered for payment, where Bonds and Parity Notes may be surrendered for registration of transfer and for exchange for other Bonds and Parity Notes, and where notices and demands to or upon the County in respect of the Bonds and Parity Notes and this Indenture may be served. Such offices or agencies may be located at the principal corporate trust office of the Trustee and/or at such other institutions in such other cities as may be provided in any Supplemental Indenture.

The County will cause each such office or agency to give prompt written notice to the Trustee of its location, and of any change in its location. If at any time the County shall fail to maintain any office or agency required to be maintained pursuant to this section, or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the corporate trust office of the Trustee, and the County hereby appoints the Trustee its agent to receive all such presentations, surrenders, notices and demands.

SECTION 7.03. Money for Payments to be Held in Trust. When the County 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 and Parity Notes, deposit with or cause the Trustee to make available to each 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 and Parity Notes entitled to such principal, Redemption Price or interest, and (unless such Paying Agent is the Trustee) the County will promptly notify the Trustee of its action or failure so to act.

The County 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:

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

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

(3) 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 County 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 County 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 County 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 7.04. Power to Adopt Indenture, Issue Bonds, Parity Notes and Other Parity Obligations and Pledge Trust Estate. The County is duly authorized under all applicable laws to create and issue the Bonds and Parity Notes, to incur Parity Obligations, 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 County to that end has been and will be duly and validly taken. This Indenture has been duly and lawfully adopted by the County, is in full force and effect and is valid and binding upon the County and enforceable in accordance with its terms. The Bonds, Parity Notes and other Parity Obligations and the provisions of this Indenture are and will be the valid and legally enforceable obligations of the County 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 County 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 Owners of Bonds, Parity Notes and other Parity Obligations under this Indenture against all claims and demands of all persons whomsoever.

SECTION 7.05. Classification of Tolls. 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 Revenues net of Project Expenses, 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 County and the State Department of Highways and Public Transportation, 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 7.06. Consulting Engineers Reports on Project. After the Project or any part of it is completed and operational, the County 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 County a report setting forth (a) their findings whether the Project has been maintained good repair, working order and condition, (b) their advice and recommendations as to the proper maintenance, repair, and operation of the Project during the ensuing 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 Project 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 7.07. Annual Budget. After the Project or any part thereof is completed and operational, the County shall file with the Trustee the Annual Budget for each Fiscal Year. Each Annual Budget shall include the estimated Project Expenses for such Fiscal Year, in addition to the amount required to establish and maintain the Operating Reserve which the County determines is required to pay two (2) months' Project Expenses. Each Annual Budget may set forth such additional material as the County may determine. The County may, at any time, adopt an amended Annual Budget or Budgets for the remainder of the then current Fiscal Year. Until a new Annual Budget is adopted, the prior Fiscal Year's Annual Budget shall be deemed to be the Annual Budget for that Fiscal Year.

SECTION 7.08. Limitation on Project Expenses. All payments for maintenance, repair, and operation of the Project in any Fiscal Year will not exceed the reasonable amount required therefor, and the County will not expend any amount or

incur any obligations for maintenance, repair, and operation or otherwise in excess of the amounts provided for Project Expenses in the Annual Budget, or amended or supplemental Annual Budget, unless the County Judge of the County determines that such expenditure is necessary and there is not time to amend or supplement the Annual Budget. Nothing in this section contained shall limit the amount which the County may expend for Project Expenses in any Fiscal Year.

SECTION 7.09. Accounts and Reports.

1. The County 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 County, 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 Outstanding Bonds or Parity Notes or their representatives duly authorized in writing. The County will permit the Trustee, such Owners of Bonds and Parity Notes, 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 County of the covenants, conditions and obligations contained in this Indenture.

2. The Trustee shall advise the County 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.

3. The County shall annually within 150 days or as soon thereafter as possible after the close of each Fiscal Year beginning with the 2012 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.

4. The County reserves the right to create accounts and subaccounts within any Fund or Account created by this Indenture or any Supplemental Indenture when in the judgment of the County the creation of such accounts or subaccounts will enable the County to better administer the Project or regulate investments or limit returns on such investments.

5. The County reserves the right to employ, from time to time, any convention or method as it shall determine to be appropriate for the purpose of

allocating or tracing any Revenues, Debt Service, Operating Expenses, Funds or other amounts, or any proceeds or portions thereof in order to comply with applicable Federal or State laws, generally accepted accounting principles or otherwise, including without limitation for purposes of calculating any portion of revenues, debt service, operating expenses and other costs allocable to any Project Segment for purposes of complying with any applicable conditions to any grants made to the County for the Project or any Project Segment; provided, however, that no such allocation or calculation shall amend, modify or otherwise adversely impair any of the liens, pledges, trusts or grants of this Indenture.

SECTION 7.10. Construction Contracts. The County covenants and agrees that before entering into any construction contract it will secure the recommendation of the Consulting Engineers 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 County further covenants and agrees that the proceeds of any such performance bond and payment bond will forthwith, upon receipt of such proceeds, be deposited in the Construction Fund and applied toward the completion of the contract in connection with which such performance bond and payment bond shall have been furnished.

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

SECTION 7.11. Rules and Regulations; Maintenance of Project. The County 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 of the Project 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 7.12. Payment of Lawful Claims. The county 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 County 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 7.13. Consulting Engineers; Traffic Engineers. The County covenants that as long as there are any Outstanding Bonds, Parity Notes, or other Parity Obligations, it will employ Consulting Engineers or Traffic Engineers as necessary to comply with this Indenture.

SECTION 7.14. Insurance. The County 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 7.15. Restriction on Yields; Covenants as to Arbitrage Bonds and Other Tax Covenants.

1. Except as otherwise provided in any Supplemental Indenture, the County will certify, through an Authorized Officer of the County, that based upon all facts and estimates known or reasonably expected to be in existence on the date any Series of Bonds or Parity Notes is deliver and paid for, the County will reasonably expect that the proceeds of the Series will not be used in a manner that would cause the Bonds to be "arbitrage bonds" under the applicable provisions of the Internal Revenue Code, as amended, and the regulations prescribed thereunder. Furthermore, the County Judge, County Treasurer and County Auditor of the County are authorized and directed to provide certifications of facts, estimates and circumstances which are material to the reasonable expectations of the County as of the date each Series is delivered and paid for. In particular, the County Judge, County Treasurer, and County Auditor of the County are authorized to certify the reasonable expectations of the County on the date a Series is delivered and paid for regarding the amount and use of the proceeds of such Series and the facts and estimates on which such expectations are based. Moreover, the County covenants that it shall make such use of the proceeds of the Bonds and Parity Notes, Revenues and taxes levied pursuant to Section 2.03, regulate investments of proceeds of the Bonds, Parity Notes and Revenues, and take such other and further action as may be required so that the Bonds shall not be "arbitrage bonds" under the applicable provisions of the Internal Revenue Code, as amended, and the regulations prescribed from time to time thereunder. In particular, the County hereby specifically reserves the right to direct the Trustee to make specific investments to insure compliance with this Section 7.15.

2. The County reserves the right to regulate and/or restrict the yield or return received on the investment of the moneys in any Fund or Account created under this Indenture or any Supplemental Indenture, if in Counsel's Opinion, such regulation or restriction is necessary in order for the interest earned on the Bonds or Parity Notes of any Series to be excluded from gross income of the Owners thereof for Federal income taxation under any statute, regulation, ruling or judicial decision.

SECTION 7.16. General.

1. The County 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.

2. The County 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 County under the provisions of the Act, this Indenture and any other law or regulation applicable to the County.

SECTION 7.17. Further Assurances. At any and all times the County shall so far as it may be authorized by law, 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 County'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 County may become bound to pledge or assign.

SECTION 7.18. Toll Covenant.

1. The County covenants that it will at all times fix, charge, and collect such tolls for use of the Project as shall be required to produce Revenues which begin the Fiscal Year 2012 and each Fiscal year thereafter shall equal at least 1.25 times the Aggregate Debt Service accruing in such Fiscal Year.

2. Before the beginning of each Fiscal Year, the County will review the financial status of the Project in order to estimate and determine whether Revenues for the current Fiscal Year and for the following Fiscal Year will be sufficient to comply with the toll covenant. In connection with the preparation of the Annual Budget for each Fiscal Year, the County will prepare and file with the Trustee a copy of its estimate of Revenues and Debt Service, together with a statement of the pertinent estimates and assumptions, which must take into consideration the cost of completing any uncompleted portion of the Project and the issuance of future Series of Bonds or Parity Notes or other Parity Obligation if necessary to finance the completion. If the County in adopting any Annual Budget determines that Revenues may be inadequate to meet this toll covenant, or if the audited financial reports of the County show that the County did not satisfy such covenant for the prior Fiscal Year, the County promptly shall engage Independent Traffic Engineers to make a study and recommend a schedule of tolls that will provide sufficient Revenues in the following Fiscal Year to comply with the toll covenant and that will provide additional Revenues in such following Fiscal Year and

later years to eliminate any deficiency at the earliest practicable time. The County will place the recommended schedule of tolls in effect no later than ninety (90) days after the receipt of the recommendation from such Independent Traffic Engineers.

3. Failure to comply with the toll covenant described in paragraph 1 above will not constitute an Event of Default if either (a) the County complies with the covenant described in paragraph 2 above or (b) its Traffic Engineers are of the opinion that a toll schedule which will comply with the toll covenant described in paragraph 1 above is impracticable at that time, and the County therefore cannot comply with the covenant described in paragraph 2 above, and the County establishes a schedule of tolls which is recommended by its Traffic Engineers to comply as nearly as practicable with the toll covenant described in paragraph 1 above.

SECTION 7.19. Sale or Encumbrance of Project. The County covenants that as long as there are any Bonds and Parity Notes Outstanding, and except as in this Indenture otherwise permitted, it will not sell or otherwise dispose of the Project or any part thereof unless it determines that such sale or other disposal is in the best interest of the Project and not materially adverse to the rights of the Owners of the Bonds, Parity Notes or other Parity Obligations. Nothing in this Section 7.19, however, shall limit the ability of the County to issue Bonds and Parity Notes and incur Parity Obligations, to dispose of surplus property, to enter into contracts with respect to the lease or operation of all or any part of the Project.

SECTION 7.20. Operating Board. The County reserves the right to appoint an Operating Board pursuant to the Act. The Operating Board may act for and on behalf of the Commissioners Court, to the extent authorized by the provisions of the Act in exercising and performing the rights, authority, function, duties, and obligation of the County under this Indenture. Any Operating Board so appointed by the County will be bound by the provisions of this Indenture in the same manner as the County is bound.

SECTION 7.21. Contracts with Other Persons. The County reserves the right to enter into contracts with any Person providing for:

1. the joint construction, acquisition, improvement, operation, repair, maintenance, or replacement of the Project or any part thereof.

2. the operation, repair, or maintenance of the Project or any part thereof.

Any Contract entered into by the County pursuant to the provisions of this Section 7.21 may contain such provisions and be upon such terms and conditions as the County deems advisable.

[END OF ARTICLE VII]

ARTICLE VIII

DEFAULT AND REMEDIES

SECTION 8.01. 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.

SECTION 8.02. Events of Default. Each of the following events is hereby declared an "Event of Default" under this Indenture:

(i) failure to make the due and punctual payment of the principal or Redemption Price of any Bond or Parity Note when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(ii) failure to make the due and punctual payment of any installment of interest on any Bond or Parity Note or the unsatisfied balance of any Sinking Fund Installment therefor (except when such Installment is due on the maturity date of such Bond or Parity Note), or any other Parity Obligation when and as such interest installment or Sinking Fund Installment or other Parity Obligation shall become due and payable, and such failure shall continue for a period of 30 days;

(iii) failure by the County 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, Parity Notes or other Parity Obligations, and such failure shall continue for a period of 60 days after written notice thereof to the County by the Trustee or to the County and to the Trustee by the Owners of not less than 25% in principal amount of the Bonds and Parity Notes Outstanding;

(iv) if the County 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 County 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

(v) if proceedings shall be commenced against the County, 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 County 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 8.03. Notice of Default. The Trustee shall not be required to give notice to the County of any Event of Default, known to exist hereunder; provided, however, that upon written request of the Owners of not less than 25% in aggregate principal amount of the Bonds and Parity Notes Outstanding, the Trustee shall give written notice to the County of any default or breach constituting an Event of Default under subparagraph (iii) of Section 8.02 of this Indenture.

SECTION 8.04. 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 and Parity Notes Outstanding shall:

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

(b) bring suit upon the Bonds, Parity Notes, and other Parity Obligations;

(c) by action or suit in equity require the County to account as if it were the trustee of an express trust for the Owners of the Bonds, Parity Notes, and other Parity Obligations;

(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, Parity Notes, and other Parity Obligations;

(e) take over the possession, administration and management of all Funds and Accounts required to be maintained by the County hereunder; or

(f) take such other steps to protect and enforce its rights and the rights of the Owners of the Bonds, Parity Notes and other Parity Obligations, 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 8.05. Judicial Proceedings. 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 and Parity

Notes 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 and Parity Notes and amounts due on the Parity Obligations 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 Owners of Bonds, Parity Notes, and other Parity Obligations hereunder.

SECTION 8.06. Application of Proceeds. The proceeds received by the Trustee pursuant to the exercise of any right or remedy under this Article VIII 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:

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

(ii) to the payment of the interest and principal or Redemption Price and any other amounts then due on the Bonds, Parity Notes arid other Parity Obligations, 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 therefor ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference;

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds and Parity Notes and other unpaid amounts owing under any other Parity Obligations 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 such amounts due on any date, then to the payment thereof ratably, according to the amounts due on such date, to the persons entitled thereto, without any discrimination or preference; and

(iii) to the payment of the amounts required for reasonable and necessary Project Expenses allocable to the Bonds, Parity Notes and other Parity Obligations, this Indenture or the Project.

SECTION 8.07. 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 Owners of Bonds, Parity Notes, and other Parity Obligations 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 8.08. Trustee May Act Without Possession of Bonds, Parity Notes and Other Parity Obligations. All rights of action under this Indenture or under any Bonds, Parity Notes and other Parity Obligations may be enforced by the Trustee without possession of any of the Bonds, Parity Notes and other Parity Obligations 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, Parity Notes and other Parity Obligations, subject to the provisions of this Indenture.

SECTION 8.09. Trustee as Attorney in Fact. The Trustee is hereby appointed (and the Owners of the Bonds, Parity Notes and other Parity Obligations, 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, Parity Notes and other Parity Obligations, with authority to make or file, in the names of such Owners or on behalf of such Owners 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 as a class as may be necessary or advisable in the judgment of the Trustee, in order to have the claims of the Owners against the County allowed in any equity receivership, insolvency, liquidation, bankruptcy, reorganization or other proceedings to which the County 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 such Owners, 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 on behalf of any Owner 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, any plan of reorganization or readjustment of the County affecting the Bonds, Parity Notes and other Parity Obligations.

SECTION 8.10. 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, Parity Notes, and other Parity Obligations, or now or hereafter existing at law or in equity or by statute.

SECTION 8.11. 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, Parity Note, or other Parity Obligation 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 and Parity Notes Outstanding and shall have been furnished reasonable indemnity and shall have refused or neglected for 60 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 60 day period by the Owners of a majority in principal amount of the Bonds and Parity Notes 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, Parity Notes, or other Parity Obligations 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 and Parity Notes 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 County as the Trustee may deem expedient in the interest of the Owners of the Bonds, Parity Notes and other Parity Obligations.

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

SECTION 8.12. Right of Owners of the Bonds, Parity Notes and Other Parity Obligations 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 and parity Notes 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 Owner of the Bonds, Parity Notes and other Parity Obligations not consenting.

SECTION 8.13. Restoration of Rights and Remedies. If the Trustee or any Owner of a Bond, Parity Note, or other Parity Obligation 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, Parity Note or other Parity Obligation, then and in every such case, the County, the Trustee, and the Owners of the Bonds, Parity Notes, and other Parity Obligations 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, Parity Notes, or other Parity Obligations shall continue as though no such proceeding had been instituted.

SECTION 8.14. Waiver of Stay or Extension Laws. To the extent that it may lawfully do so, the County 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 County also covenants that it will not otherwise hinder, delay, or impede the execution of any power herein granted to the Trustee.

SECTION 8.15. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Owner of any Bond, Parity Note or other Parity Obligation 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 VIII or by law to the Trustee or to the Owners of the Bonds, Parity Notes, or other Parity Obligations 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 8.16. Notice to Owners of Default. The Trustee or Paying Agent on behalf of the Trustee shall promptly mail to registered Owners of Bonds, Parity Notes and other Parity Obligations written notice of the occurrence of any Event of Default of which it has notice pursuant to this Indenture.

SECTION 8.17. Special Provisions for Issuers of Parity Credit Agreements. To the extent provided in any Supplemental Indenture, the issuers of any Parity Credit Agreement guaranteeing the payment of principal of and interest on any Bond or Parity Note shall be entitled to exercise the rights of the Owners of such guaranteed Bonds or Parity Notes with respect to any right and remedy set forth in this Article VIII.

[END OF ARTICLE VIII]

ARTICLE IX

CONCERNING THE FIDUCIARIES

SECTION 9.01. 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 the certificate of authentication endorsed upon the Bonds and Parity Notes, and by executing such certificate upon any Bond or Parity Note the Trustee shall be deemed to have accepted such duties and obligations not only with respect to the Bond or Parity Note so authenticated, but with, respect to all the Bonds and Parity Notes thereafter to be issued, but only, however, upon the terms and conditions set forth in this Indenture.

SECTION 9.02. Paying Agents, Authenticating Agents, Registrars, and Other Agents; Appointment and Acceptance of Duties.

1. The County may appoint one or more Paying Agents, Authenticating Agents, Registrars, or other agents to act as agent of the Trustee in performing any of the duties and obligations imposed under this Indenture or any Supplemental Indenture, and separate appointments may be made for the Bonds and Parity Notes of each Series. The Trustee may be appointed to serve in any such capacity.

2. Each Paying Agent, Authenticating Agent, Registrar, or other agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture or any Supplemental Indenture by executing and delivering to the County and to the Trustee a written acceptance thereof.

SECTION 9.03. Responsibilities of the Trustee.

1. The recitals of facts set forth herein and in the Bonds and Parity Notes shall be taken as the statements of the County 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 of the Bonds and Parity Notes 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 and Parity Notes. The Trustee shall not be under any responsibility or duty with respect to the application of any money paid to the County or money collected by the County 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 money, unless properly indemnified.

2. (a) 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 or obligations shall be read into this Indenture against the Trustee, and in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee that conform to the requirements of this Indenture; but the Trustee is under a duty to examine such certificates and opinions to determine whether they conform to the requirements of this Indenture.

(b) 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.

(c) No provisions 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:

(i) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

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

(iii) the Trustee is not liable with respect to any action it takes or omits to be taken by it in good faith in accordance with the direction of the Owners under any provision of this Indenture 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; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it has reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) 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 County to cause to be made any of the payments required to be made under Section 8.02 (i) or (ii) unless the Trustee shall be specifically notified in writing of the default by the County or by the Owners of not less than 15% in principal amount of the Bonds and Parity Notes Outstanding. All notices or other instruments required by this Indenture to be delivered to the Trustee must, to be effective, be delivered at the principal 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 9.03.

SECTION 9.04. Evidence on Which the Trustee May Act.

1. The Trustee, upon receipt of any notice, indenture, resolution, request, consent, order, certificate, report, opinion, bond, note or other paper or document furnished to it pursuant to any provision of this Indenture, 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 County, 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.

2. 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 County 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.

3. 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 County to the Trustee shall be sufficiently executed if executed in the name of the County by an Authorized Officer of the County.

4. 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.

5. Except as otherwise provided in Section 6.02, 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 2 of Section 9.03, the permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

6. The Trustee shall have the right, but shall not be required, to demand in respect of the authentication of any Bonds or Parity Notes 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 County to the authentication of any Bonds or Parity Notes or the taking of any other action by the Trustee.

7. The Trustee is 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 unless such holders have offered to the Trustee security or indemnity satisfactory to the Trustee as to its terms, coverage, duration, amount, and otherwise with respect to the costs, expenses, and liabilities which may be incurred by it in compliance with such request or direction, and the provision of such indemnity shall be mandatory for any remedy taken upon direction of the holders of a majority in aggregate principal amount of the Bonds.

8. The Trustee is not required to make any inquiry or investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture, or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee determines to make such further inquiry or investigation, it is entitled to examine the books, records, and premises of the Issuer and the Borrower, in person or by agent or attorney.

9. Except for information provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

SECTION 9.05. Compensation. The County 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. Subject to the provisions of Section 9.03, the County further agrees, to the extent permitted by law, to indemnify the Trustee against and reimburse the Trustee for any losses or 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 County shall also pay reasonable compensation to the Paying Agent for their services. The term "reasonable" as used in this Section 9.05 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 9.06. Certain Permitted Acts. The Trustee may become the owner of any Bonds or Parity Notes, with the same rights it would have if it were not the Trustee. To the extent permitted by law, the Trustee may act as depositary 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 Owners of Bonds and Parity Notes or to effect or aid in any reorganization growing out of the enforcement of the Bonds and Parity Notes or this Indenture, whether or not any such committee shall represent the Owners of a majority in principal amount of the Bonds or Parity Notes Outstanding.

SECTION 9.07. 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 County of the date it desires to resign and mailing written notice to the Owners of all Bonds, Parity Notes and other Parity Obligations and such resignation shall take effect immediately on the appointment of a successor Trustee pursuant to Section 9.09 hereof.

SECTION 9.08. 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 and Parity Notes Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds and Parity Notes held by or for the account of the County.

SECTION 9.09. Appointment of Successor Trustee.

1. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a 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 and Parity Notes Outstanding, excluding any Bonds and Parity Notes held by or for the account of the County, 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 County and the predecessor Trustee; provided, nevertheless, that unless a successor Trustee shall have been appointed by the Owners as aforesaid, the County by duly executed written instrument signed by an Authorized Officer of the County shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the Owners as authorized in this Section 9.09. The County shall mail notice to the Owners of all Bonds and Parity Notes registered as to principal. Any successor Trustee appointed by the County shall, immediately and without further act, be superseded by a Trustee appointed by the Owners.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 9.09 within 45 days after the Trustee shall have given to the County written notice as provided in Section 9.01 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 9.07) or the Owner of any Bond or Parity Note or other Parity Obligations (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.

Any Trustee appointed under the provisions of this section in succession to the Trustee shall be a bank or trust company or national or state 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 9.10. 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 County, 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 County 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 County 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 County. Any such successor Trustee shall promptly notify any Paying Agents, Authenticating Agents, and Registrars of its appointment as Trustee.

SECTION 9.11. 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 9.12. Adoption of Authentication. In case any of the Bonds or Parity Notes 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 or Parity Notes and deliver such Bonds or Parity Notes so authenticated, and in case any of the said Bonds or Parity Notes shall not have been authenticated, any successor Trustee may authenticate such Bonds or Parity Notes 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 Parity Notes or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 9.13. Resignation or Removal of Agents and Appointment of Successors.

1. Any Paying Agent, Authenticating Agent, Registrar or other agent may at any time resign and be discharged of the duties and obligations created by this Indenture or any Supplemental Indenture by giving at least 60 days' written Notice to the County, the Trustee, and the other agents, if any. Any such agent may be removed at any time by an instrument filed with such agent and the Trustee and signed by the County. Any successor agent shall be appointed by the County 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 or state 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.

2. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any money 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 County, the Trustee shall act as such Paying Agent.

3. In the event of the resignation or removal of the Authenticating Agent, such Authenticating Agent shall deliver any blank Bonds or Parity Notes held by it as such Authenticating 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 Authenticating Agent appointed by the County, the Trustee shall act as such Authenticating Agent.

4. In the event of the resignation or removal of the Registrar, such Authenticating Agent shall deliver Registry and any copies thereof kept and maintained by it as Registrar 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 Registrar appointed by the County, the Trustee shall act as such Registrar.

[END OF ARTICLE IX]

ARTICLE X

SUPPLEMENTAL INDENTURES

SECTION 10.01. Supplemental Indentures Effective Upon Filing with the Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture of the County may be executed, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the County, shall be fully effective in accordance with its terms:

1. To authorize Bonds, Parity Notes and other Parity Obligations and in connection therewith, to specify and determine the matters and things referred to in Article X hereof and also any other matters and things relative to such Bonds, Parity Notes, and other Parity Obligations 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 final delivery of such Bonds, Parity Notes and other Parity Obligations;

2. 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, Parity Notes, and other Parity Obligations or the issuance of other evidences or indebtedness;

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

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

5. 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;

6. 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, Parity Notes, and other Parity Obligations of any Series at the date of the adoption of such Indenture or Supplemental Indenture shall cease to be Outstanding Bonds, Parity Notes, and other Parity Obligations; and (ii) such Supplemental Indenture shall be specifically referred to in the text of such Bonds, Parity Notes, and other Parity Obligations delivered after the

date of the adoption of such Supplemental Indenture and of Bonds, Parity Notes, and other Parity Obligations issued in exchange therefor or in place thereof;

7. 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;

8. To surrender any right, power, or privilege reserved to or conferred upon the County 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 County contained in this Indenture;

9. To pool the Project with one or more projects as now or hereafter permitted by the Act;

10. To increase the Debt Service Reserve Fund Requirement or to provide for the Debt Service Reserve Fund Surety Policies;

11. To establish or increase the required balance to be accumulated or maintained in the Renewal and Replacement Fund;

12. To alter the Indenture to comply with the requirements of a nationally recognized rating agency in order to obtain or maintain a rating on the Bonds or Parity Notes in a high quality, short-term or commercial paper rating category or long-term debt rating category of such rating agency;

13. To increase the interest rate or rates on the Bonds or Parity Notes of any Series; or

14. To designate Paying Agents, Authenticating Agents, Registrars, and other agents for the Bonds of any Series.

No Supplemental Indenture shall alter the obligation of the County to levy taxes as required by Section 2.03 or collect tolls as required by Section 7.18 of this Indenture.

SECTION 10.02. 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 County, and (ii) the filing with the Trustee and the County of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

1. To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture; or

2. 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;

3. To provide for additional duties of the Trustee in connection with the Trust Estate or the Project; or

4. 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, Parity Notes, or other Parity Obligations.

Any such Supplemental Indenture may also contain one or more of the purposes specified in Section 10.01, 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 1, 2, 3, or 4 of this Section.

SECTION 10.03. Supplemental Indentures Effective With Consent of Owners. At any time or from time to time, a Supplemental Indenture may be adopted subject to consent by Owners in accordance with and subject to the provisions of Article XI, which Supplemental Indenture, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the County and upon compliance with the provisions of said Article XI, shall become fully effective in accordance with its terms as provided in said Article XI.

SECTION 10.04. General Provisions.

1. 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 X and Article Xl, except that this Indenture may be amended in any manner provided in any Supplemental Indenture with respect to any Bonds or Parity Notes or any Series of Bonds or Parity Notes issued pursuant to such Supplemental Indenture which, at the time such amendments are made, are fully secured by a pledge of or lien on direct obligations of, or obligations the principal of and interest on which is guaranteed by the United States of America certified by an independent certified public accountant to be sufficient to provide for the full and timely payment of principal of or the purchase price or Redemption Price of the Bonds or Parity Notes at the next date on which they are subject to mandatory purchase or redemption, as the case may be, together with all interest to accrue thereon until such date. Nothing in this Article X or Article XI contained shall affect or limit the right or obligation of the County to adopt, make, do, execute, acknowledge, or deliver any indenture, resolution, act or other instrument pursuant to the provisions of Section 7.16 or the right or obligation of the County to

execute and deliver to the Trustee any instrument which elsewhere in this Indenture it is provided shall be delivered to the Trustee.

2. Any Supplemental Indenture referred to and permitted or authorized by Sections 10.01 and 10.02 may be adopted by the County without the consent of any of the Owners, 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 County.

3. 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 10.01, 10.02 or 10.03 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.

4. No Supplemental Indenture shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

[END OF ARTICLE X]

ARTICLE XI

AMENDMENTS

SECTION 11.01. Mailing and Publication.

1. Any provision in this Article for the mailing of a notice or other paper to Owners shall be fully complied with if it is mailed postage prepaid to each Owner of Bonds and Parity Notes at his address, if any, appearing upon the Register to the Owners of any other Parity Obligations on file with the Trustee, to each Paying Agent and Authenticating Agent and to the Trustee.

2. Any provision in this Article for publication of a notice or other matter shall require the publication thereof only in the Authorized Newspapers.

SECTION 11.02. Powers of Amendment. Any modification or amendment of this Indenture and of the rights and obligations of the County and of the Owners of the Bonds, Parity Notes, and other Parity Obligations thereunder, in any particular, may be made by a Supplemental Indenture, with the written consent given as provided in Section 11.03, (i) of the Owners of at least 2/3rds in principal amount of the Bonds and Parity Notes Outstanding at the time such consent is given, and (ii) in case less than all of the several Series of Bonds and Parity Notes Outstanding are affected by the modification or amendment, of the Owners of at least 2/3rds in principal amount of the Bonds and Parity Notes of each Series so affected and outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Owners of at least 2/3rds in principal amount of the Bonds or Parity Notes of the particular Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect as long as any Bonds or Parity Notes of any specified like Series and maturity remain Outstanding, the consent of the Owners of such Bonds or Parity Notes shall not be required and such Bonds or Parity Notes 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 or maturity of the principal of any Outstanding Bond, Parity Note, or other Parity Obligation 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, Parity Note, or other Parity Obligation, or shall reduce the percentages or otherwise affect the classes of Bonds or Parity Notes 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 materially adversely affects or diminishes the rights of the Owners of Bonds or Parity Notes of

such Series. The Trustee may in its discretion determine whether or not (and may rely on Counsel's Opinion to make such discretionary determination), in accordance with the foregoing powers of amendment. Bonds or Parity Notes 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 County and all Owners of Bonds, Parity Notes, and other Parity Obligations.

SECTION 11.03. Consent of Owners. The County may at any time adopt a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 11.02, to take effect when and as provided in this section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Owners for their consent thereto in form satisfactory to the Trustee, shall be mailed by the County to Owners of Bonds, Parity Notes, and other Parity Obligations and shall be published in the Authorized Newspapers at least once a week for two successive weeks. Such Supplemental Indenture shall not be effective unless and until: (i) there shall have been filed with the Trustee (a) the written consents of Owners (or such other Persons as provided in Section 11.07 below) of the percentages specified in Section 11.02, and (b) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted and filed by the County in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture, and is valid and binding upon the County 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, reorganization or other laws affecting creditors' rights generally and principles of equity; and (ii) a notice shall have been published and mailed as hereinafter described in this Section 11.03 provided each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds, Parity Notes, or other Parity Obligations with respect to which such consent is given, which proof shall be such as is permitted by Section 13.02. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 13.02 shall be conclusive that the consents have been given by the Owners described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Owner of the Bonds or Parity Notes giving such consent and anything in Section 13.02 to the contrary notwithstanding, upon any subsequent Owner of such Bonds or Parity Notes and of any Bonds or Parity Notes issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof) unless such consent is revoked in writing by the Owner of such Bonds or Parity Notes 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 11.03 provided for is filed, such revocation and, if such Bonds or Parity Notes are transferable by delivery, proof that such Bonds or Parity Notes are held by the signer of such revocation in the manner permitted by Section 13.02. The fact that a consent has not been revoked may likewise be proved by a

certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. 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 County 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. At any time thereafter notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture adopted by the County on a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages and will be effective as provided in this Section 11.03, and may be given to Owners by the County by mailing such notice to Owners and by publishing the same in the Authorized Newspapers at least once not more than 90 days after the Owner of the required percentages shall have filed their consents to the Supplemental Indenture and the written statement of the Trustee hereinabove provided for is filed. The County shall file with the Trustee proof of the publication and mailing of such notice. A record consisting of the papers required or permitted by this Section 11.03 to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the County, the Fiduciaries, and the Owners.

SECTION 11.04. Modifications by Unanimous Consent.

1. The terms and provisions of this Indenture and the rights and obligations of the County and of the Owners of the Bonds, Parity Notes, or other Parity Obligations thereunder may be modified or amended in any respect upon the adoption and filing by the County of a Supplemental Indenture and the consent of the Owners of all the Bonds, Parity Notes, or other Parity Obligations Outstanding or, in the case of a Supplemental Indenture, the Owners of all Bonds, Parity Notes, and other Parity Obligations issued or incurred pursuant to such Supplemental Indenture, such consent to be given as provided in Section 11.03, except that no notice by mailing or publication shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee or other Fiduciaries without the written assent thereto of the Trustee or other Fiduciaries in addition to the consent of the Owners.

2. The terms and provisions of this Indenture and the rights and obligations of the County and the Owners thereunder may be modified or amended with respect to a particular Series upon the adoption and filing by the County of a Supplemental Indenture and the consent of the Owners of all Bonds or Parity Notes of the particular Series, such consent to be given by written notice to the Trustee, and no notice to Owners by mailing or publication 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 assent thereto of the Trustee in addition to the consent of the Owners.

SECTION 11.05. Exclusion. Bonds and Parity Notes owned or held by or for the account of the County shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds and Parity Notes provided for in this Article XI, and the County shall not be entitled with respect to such Bonds and Parity Notes 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 County shall furnish the Trustee a certificate of an Authorized Officer of the County, upon which the Trustee may rely, describing all Bonds and Parity Notes so to be excluded.

SECTION 11.06. Notation. Bonds and Parity Notes authenticated and delivered after the effective date of any action taken as in Article X or this Article XI provided may, and, if the Trustee so determines, shall bear a notation by endorsement or otherwise in form approved by the County and the Trustee as to such action, and in that case upon demand of the Owner or any Bond or Parity Notes Outstanding at such effective date and presentation of his Bond or Parity Note for the purpose at the principal office of the Trustee or upon any transfer of any Bond or Parity Note Outstanding at such effective date, suitable notation shall be made on such Bond or Parity Note or upon any Bond or Parity Note issued upon any such transfer by the Trustee as to any such action. If the County or the Trustee shall so determine, new Bonds or Parity Notes so modified as directed by the Trustee and the County to conform to such action shall be prepared, authenticated, and delivered, and upon demand of the Owner of any Bond or Parity Note Outstanding shall be exchanged, without cost to such Owner, for Bonds or Parity Notes Outstanding, upon presentation and surrender of such Bonds or Parity Notes, for Bonds or Parity Notes of the same Series and maturity then Outstanding.

SECTION 11.07. Special Provisions for Issuers of Parity Credit Agreements. Any Supplemental Indenture may provide that the issuer of any Parity Credit Agreement guaranteeing payment of the principal of and interest on any Bonds or Parity Notes may exercise the rights of such Owners of the guaranteed Bonds or Parity Notes with respect to consent to any amendments provided in this Article XI except any change in the terms of redemption, maturity or principal amount of such Bond or Parity Note or any installment of interest thereon or any reduction in the principal amount or redemption price thereof or the rate of interest thereon.

[END OF ARTICLE XI]

ARTICLE XII

SUBORDINATE LIEN OBLIGATIONS AND SPECIAL PROJECT BONDS

SECTION 12.01. Subordinate Lien Obligations. The County reserves the right to issue, for any lawful purpose, Junior Lien Obligations and any other bonds, notes, or other obligations secured in whole or in part by liens on the Revenues that are junior and subordinate to the lien on Revenues securing payment of the Bonds, Parity Notes, and other Parity Obligations and any reimbursement obligations pursuant to Debt Service Reserve Fund Surety Policies. Such subordinate lien obligations may be further secured by any other source of payment lawfully available for such purposes.

SECTION 12.02. Special Project Bonds. The County reserves the right to issue revenue bonds secured by liens on and pledges of revenues and proceeds derived from special toll road projects that are not a part of the Project. A toll road facility shall be deemed not to be part of the Project if it is declared by the County not to be part of the Project, the costs of construction, acquisition, and improvement are paid from proceeds of a financing transaction other than the issuance of Bonds payable from Revenues of the Project, and all maintenance and operation expenses are payable from sources other than Revenues of the Project, but only to the extent that and for so long as all or any part of the revenues or proceeds of the toll road facility are or will be pledged to secure the payment or repayment of such costs of construction, acquisition, and improvement under such financing transaction.

[END OF ARTICLE XII]

ARTICLE XIII

MISCELLANEOUS

SECTION 13.01. Defeasance.

1. If the County shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Bonds and Parity Notes the principal or Redemption Price, if applicable, and interest due or to become due thereon at the times and in the manner stipulated therein and in this Indenture and all amounts due on other Parity Obligations are paid, as therein provided, then the pledge of the Trust Estate under this Indenture and all covenants, agreements and other obligations of the County to the Owners thereof shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the County to be prepared and filed with the County and, upon the request of the County, shall execute and deliver to the County all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or (deliver to the County all moneys or securities held by them pursuant to this Indenture which are not required for the payment of principal or Redemption Price, if applicable, on Bonds or Parity Notes not theretofore surrendered for such payment, or redemption. If the County shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds or Parity Notes of a particular Series, the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, such Bonds or Parity Notes shall cease to be entitled to any lien benefit or security under this Indenture, and all covenants, agreements and obligations of the County to the Owners of such Bonds or Parity Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

2. Bonds, Parity Notes and other Parity Obligations or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee or a Paying Agent (through deposit by the County of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this section. All Outstanding Bonds, Parity Notes and other Parity Obligations which have been redeemed or paid pursuant to this subsection 2 shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this section if: (i) in case any of said Bonds, Parity Notes, and other Parity Obligations are to be redeemed on any date prior to their maturity, the County shall have given to the Trustee or a Paying Agent in form satisfactory to it a Letter of Instructions containing irrevocable instructions to give notice of redemption of such Bonds, Parity Notes, and other Parity Obligations on said date as provided in Article IV, (ii) there shall have been deposited with the Trustee or a Paying Agent either money in an amount which shall be sufficient,

or Investment Securities the principal of and interest on which without any reinvestment thereof when due will provide money which, together with the money, if any, deposited with the Trustee or a Paying Agent at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds, Parity Notes, and other Parity Obligations on and prior to the redemption date or maturity date thereof as the case may be, and (iii) in the case of Bonds only, in the event said Bonds are not to be redeemed within the next succeeding 60 days, the County shall have given the Trustee or a Paying Agent in form satisfactory to it a Letter of Instructions containing irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in the Authorized Newspapers a notice to such Owners of such Bonds and mailing notice to such Owners that the deposit required by (ii) above has been made with the Trustee or a Paying Agent and that said Bonds are deemed to have been paid in accordance with this section and stating such maturity or redemption date upon which money is to be made available for the payment of the principal or Redemption Price, if applicable, on said Bonds. Neither Investment Securities nor money deposited with the Trustee or a Paying Agent pursuant to this section nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds, Parity Notes, and other Parity Obligations; provided that any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee or a Paying Agent, (A) to the extent such cash will not be required at any time for such purpose shall be paid over to the County, or to its order, as received by the Trustee or a Paying Agent, free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds, Parity Notes, and other Parity Obligations, or otherwise existing under this Indenture, if all Bonds, Parity Notes, and other Parity Obligations have been redeemed or discharged, otherwise such cash shall be deposited as Revenues, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds, Parity Notes, and other Parity Obligations, on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the County, as received, or to its order, by the Trustee or a Paying Agent, free and clear of any trust, lien or pledge, if all Bonds, Parity Notes, and other Parity Obligations have been redeemed or discharged, otherwise such cash shall be deposited as Revenues.

For the purposes of this subsection 2, Investment Securities shall mean and include only direct obligations of (or obligations the principal of and interest on which is unconditionally guaranteed by) the United States of America, and such securities shall not be subject to redemption prior to their maturity.

3. Anything in this Indenture to the contrary notwithstanding, any money held by any Fiduciary in trust for the payment and discharge of any of the Bonds, Parity Notes, and other Parity Obligations which remain unclaimed for three years after the date when such Bonds, Parity Notes, and other Parity Obligations have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such money was held by such Fiduciary at such date, or for three years after the date of deposit of such money if deposited with such Fiduciary after the said date when such Bonds, Parity Notes, and other Parity Obligations became due and payable, shall, at the written request of the County, be repaid by such Fiduciary to the County, as its absolute property and free from trust, and such Fiduciary shall thereupon be released and discharged with respect thereto and the Owners shall look only to the County for the payment of such Bonds, Parity Notes, and other Parity Obligations; provided, however, that before being required to make any such payment to the County, such Fiduciary shall, at the expense of the County, cause to be published at least twice, at an interval of not less than seven days between publications in the Authorized Newspapers, and mailed to the Owners of any Bonds, Parity Notes, and other Parity Obligations registered as to principal entitled to such money, a notice that said money remains 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 mailing of such notice, the balance of such money then unclaimed will be returned to the County.

SECTION 13.02. Evidence of Signatures of Owners and Ownership of Bonds, Parity Notes, and Other Parity Obligations.

1. Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners 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 or Registrar on behalf of 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 Owner or his attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or 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 or 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 or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(2) The amount of Bonds, Parity Notes, or other Parity Obligations transferable by delivery held by any person executing any instrument as an Owner, the date of his holding, 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 or Registrar on behalf of 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, Parity Notes, or other Parity Obligations 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, Parity Notes, or other Parity Obligations owned by it, if acceptable to the Trustee or Registrar on behalf of 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.

2. The ownership of Bonds and Parity Notes 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.

3. Any request or consent by the owner of any Bond shall bind all future owners thereof in respect of anything done or suffered to be done by the County or any Fiduciary in accordance therewith.

SECTION 13.03. Money Held for Particular Bonds, Parity Notes, or other Parity Obligations. Subject to the provisions of Section 13.05, the amounts held by the Trustee or any Paying Agent for the payment of the interest or principal due on any date with respect to particular Bond, Parity Note, or other Parity Obligation 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 Bond, Parity Note, or other Parity Obligation entitled thereto.

SECTION 13.04. Preservation and Inspection of Documents, Parity Notes, or Other Parity Obligations. 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 County, and any Owner and their agents and their representatives, any of whom may make copies thereof at the expense of the party so requesting.

SECTION 13.05. Failure to Present. Anything in this Indenture to the contrary notwithstanding, any money held by a Fiduciary in trust for the payment and discharge of any of the Bonds, Parity Notes, or other Parity Obligations which remains

unclaimed for such period of time, after the date when such Bonds, Parity Notes, or other Parity Obligations 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 County pay such money to the County as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners shall look only to the County for the payment thereof; provided, however, that before being required to make any such payment to the County, the Fiduciary shall, at the expense of the County, cause to be mailed to the Owners of the Bonds, Parity Notes, or other Parity Obligations registered as to principal entitled to such money, a notice that such money remains unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the County.

SECTION 13.06. List of Owners. To the extent that such information shall be made known to the County under the terms of this Indenture, it will keep on file at the office of the Trustee or the Registrar a list of names and addresses of the last known Owners of the Bonds, Parity Notes, or other Parity Obligations payable to bearer. The Trustee shall add to such list the names and addresses of the Owners which from time to time may be registered on the registration books kept by the Trustee or the Registrar. Whenever any Bond, Parity Note, or other Parity Obligation shall become registered payable to bearer, the Trustee may, but need not, remove from the list the name of the previously registered Owner. Any Owner may request that his name and address be placed on said list by filing a written request with the Trustee or the Registrar, which request shall include a statement of the principal amount of Bonds, Parity Notes, or other Parity Obligations held by such Owner and the numbers of such Bonds, Parity Notes, or other parity Obligations. The Trustee and the County have no responsibility with regard to the accuracy of said list.

SECTION 13.07. Filing of Security Instruments. The County hereby covenants that it will cause to be filed all documents, security instruments and financing statements, including without limitation continuation statements under the Business and Commerce Code of the State, in such manner and in such places as may be required by law in order to perfect and to protect and maintain in force the lien and pledge of, and the security interests created by, this Indenture. The County may rely on a Counsel's Opinion with respect to the necessity of any filing.

SECTION 13.08. 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 County, the Trustee, and other Fiduciaries and the Owners of the Bonds, Parity Notes, and other Parity Obligations, 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 County shall be for the sole and exclusive benefit of the County, the

Trustee, and other Fiduciaries, and the Owners of the Bonds, Parity Notes, and other Parity Obligations thereunto appertaining.

SECTION 13.09. No Recourse on the Bonds, Parity Notes, and Other Parity Obligations. No recourse shall be had for the payment of the principal of or interest on the Bonds, Parity Notes, and other Parity Obligations or for any claim based thereon or on this Indenture against any officer or employee of the County or any person executing the Bonds, Parity Notes, and other Parity Obligations.

SECTION 13.10. Publication of Notice; Suspension of Publications.

1. Any publication to be made under the provisions of this Indenture in successive weeks or on successive dates may be made in each instance upon any business day of the week and need not be made in the same Authorized Newspapers for any or all of the successive publications but may be made in different Authorized Newspapers.

2. If, because of the temporary or permanent suspension of the publication or general circulation of any of the Authorized Newspapers or for any other reason, it is impossible or impractical to publish any notice pursuant to this Indenture in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

SECTION 13.11. No Individual Liability. No covenant or agreement contained in the Bonds, Parity Notes, and other Parity Obligations or in this Indenture shall be deemed to be the covenant or agreement of any member of the Commissioners Court of the County or any directors of the Trustee or any other Fiduciary or any officer, agent, employee, or representative of the County or the Trustee or any other Fiduciary in their individual capacity, and neither the directors, officers, agents, employees, or representatives of the County, the Trustee or other Fiduciaries nor any person executing the Bonds, Parity Notes and other Parity Obligations 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, Parity Notes, and other Parity Obligations.

SECTION 13.12. Indenture to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds, Parity Notes, and other Parity Obligations 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 County, the Trustee and the Owners of the Bonds, Parity Notes, and other Parity Obligations, and the pledge made in this Indenture and the covenants and

agreements therein set forth to be performed by or on behalf of the County shall be for the equal benefit, protection, and security of the Owners of any and all of the Bonds, Parity Notes, and other Parity Obligations 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, Parity Notes, and other Parity Obligations over any other thereof except as expressly provided in or permitted by this Indenture.

SECTION 13.13. Notice. Any notice, demand, direction, request, or other instrument authorized or required by this Indenture to be given to or filed with the County 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:

County: Fort Bend County, Texas
County Administration Building
301 Jackson, Suite 719
Richmond, Texas 77469
Attention: County Judge

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

SECTION 13.14. 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 13.15. Severability of Invalid Provisions. If anyone or more of the covenants or agreements provided in this Indenture on the part of the County 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 13.16. Successors. Whenever in this Indenture the County 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 County, and all the covenants and agreements in this Indenture contained by or on behalf of the County shall bind and inure to the benefit of said successor whether so expressed or not.

SECTION 13.17. Holidays. Except as may be provided in a Supplemental Indenture, if the date for making any payment or the last date for performance of any act or 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 or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institution 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 13.18. 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.

[END OF ARTICLE XIII]

IN WITNESS WHEREOF, the County 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 COUNTY, TEXAS

By: _____
Robert Hebert
County Judge,
Fort Bend County, Texas

ATTEST:

_____
DIANNE WILSON, County Clerk
Fort Bend County, Texas

COMMISSIONERS COURT
TEXAS
FORT BEND COUNTY, TEXAS

By: _____
Deputy County Clerk

(SEAL)

WELLS FARGO BANK, N.A.

By: _____
Title: _____

ATTEST:

By: _____

(SEAL)

IN WITNESS WHEREOF, the County 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 COUNTY, TEXAS

By: _____
Robert Hebert
County Judge,
Fort Bend County, Texas

ATTEST:

_____
DIANNE WILSON, County Clerk
Fort Bend County, Texas

By: _____
Deputy County Clerk

(SEAL)

WELLS FARGO BANK, N.A.

By: Kristel D. Richard
Title: Vice President

ATTEST:

By: _____

WELLS FARGO BANK, N.A. CORPORATE SEAL SEAL 340830 4

STATE OF TEXAS §

COUNTY OF ~~HARRIS~~ Fort Bend §

BEFORE ME, the undersigned authority, on this day personally appeared Robert Hebert, County Judge of Fort Bend County, Texas, a body politic and corporate and a political subdivision of the State of Texas, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said County.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 24 day of April, 2012.

ANN WERLEIN
Notary Public, State of Texas
My Commission Expires
FEBRUARY 24, 2015

Ann Werlein
Notary Public in and for the State of Texas
My commission expires: February 24, 2015

(SEAL)

STATE OF TEXAS §

COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared _____ _____ of Wells Fargo Bank, a national banking association, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said Bank.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, 2012.

_____
Notary Public in and for the State of Texas
My commission expires: _____

(SEAL)

STATE OF TEXAS §

COUNTY OF FORT BEND§

BEFORE ME, the undersigned authority, on this day personally appeared Robert Hebert, County Judge of Fort Bend County, Texas, a body politic and corporate and a political subdivision of the State of Texas, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said County.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of April, 2012.

_____
Notary Public in and for the State of Texas
My commission expires: _____

(SEAL)

STATE OF TEXAS §

COUNTY OF ~~HARRIS~~ Dallas §

BEFORE ME, the undersigned authority, on this day personally appeared Kristel Richards, Vice President of Wells Fargo Bank, a national banking association, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said Bank.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 15th day of May, 2012.

DAYNA L. SMITH
Notary Public, State of Texas
My Commission Expires
January 20, 2013

Dayna L. Smith
Notary Public in and for the State of Texas
My commission expires: January 20, 2013

(SEAL)

STATE OF TEXAS §

COUNTY OF ~~HARRIS~~ Fort Bend §

I, the undersigned, the duly elected, qualified and acting County Clerk and Ex Officio Clerk of the Commissioners Court of Fort Bend County, Texas, do hereby certify that the attached and foregoing is a true and correct copy of the indenture entitled:

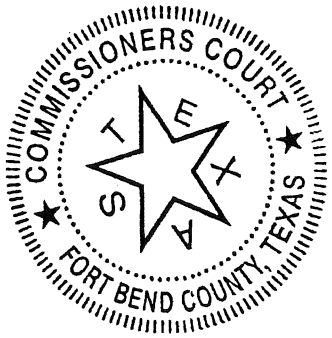
SENIOR LIEN TOLL ROAD REVENUE BOND TRUST INDENTURE BETWEEN FORT BEND COUNTY, TEXAS AND WELLS FARGO BANK, NA., adopted by such Commissioners Court at a meeting, open to the public, held on the 24TH day of April, 2012, together with an excerpt from the minutes of said meeting showing the adoption thereof, as the same appears of record in the official minutes of said Commissioners Court on file in my office.

I further certify that the written notice of the date, hour, place, and subject of the meeting of the Commissioners Court of Fort Bend County, Texas, acting for and on behalf of Fort Bend County, at which the foregoing order was adopted, was posted on a bulletin board located at a place convenient to the public in the County Courthouse and readily accessible to the general public at the earliest possible time, pursuant to Chapter 551, Texas Government Code, as amended.

WITNESS MY HAND AND THE OFFICIAL SEAL OF SUCH COURT, this 24 day of April, 2012.

County Clerk

(SEAL)



FIRST SUPPLEMENTAL
SENIOR LIEN TOLL ROAD REVENUE
BOND TRUST INDENTURE

BETWEEN

FORT BEND COUNTY, TEXAS

AND

WELLS FARGO BANK, N.A., Trustee

AUTHORIZING

$30,775,000 FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2012

Dated as of May 15, 2012

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FIRST SUPPLEMENTAL
SENIOR LIEN TOLL ROAD REVENUE BOND TRUST INDENTURE

AUTHORIZING

$30,775,000 FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2012

THIS FIRST SUPPLEMENTAL TRUST INDENTURE, dated as of the 15th day of May, 2012 (the "First Supplemental Indenture"), is made by and between Fort Bend County, Texas (the "County"), a body politic and corporate and political subdivision of the State of Texas duly created, 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 Senior Lien Toll Road Revenue Bond Trust Indenture, dated as of May 15, 2012 (the "Indenture") between the County and the Trustee; and

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

WHEREAS, when the County issues each Series of Bonds under the Indenture it must adopt a supplemental indenture providing for the terms and conditions of each such Series of Bonds;

WHEREAS, pursuant to the Indenture and Texas Government Code, Chapter 1371, as amended, the County has determined to issue a Series of Bonds under the Indenture (the *"Series 2012 Bonds")* to provide additional funds for qualifying costs of the Project, to pay capitalized interest on the Series 2012 Bonds, to satisfy any increase in the Debt Service Reserve Fund Requirement, and to pay Costs of Issuance, and desires to enter into this First Supplemental Indenture for such purpose;

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 County 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 1.01 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.

"First Supplemental Indenture" shall mean this First Supplemental Indenture of the County dated as of May 15, 2012 authorizing the Series 2012 Bonds.

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

"Series 2012 Bonds" shall mean the Bonds of the County of the Series authorized by this First Supplemental Indenture in the aggregate principal amount of $30,775,000 and herein designated Fort Bend County, Texas Senior 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 County, the Trustee, and DTC.

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

"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 County may designate from time to time which meets the requirements of Sections 9.02 and 9.13 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, RBC Capital Markets, LLC and Rice Financial Products Company.

4. 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 COUNTY, TEXAS SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2012, shall be issued in fully registered form, without coupons, in the aggregate principal amount of $30,775,000. 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 May 15, 2012 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 September 1 and March 1 commencing on September 1, 2012. The Series 2012 Bonds shall initially be evidenced by an Initial Bond numbered IB-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
2016	$495,000	2.000%
2017	$570,000	2.000%
2018	$645,000	2.500%
2019	$725,000	2.500%

2020	$810,000	3.000%
2021	$905,000	3.000%
2022	$1,005,000	3.000%
2023	$1,055,000	3.000%
2024	$1,085,000	3.125%
2025	$1,120,000	3.250%
2026	$1,150,000	3.375%
2027	$1,185,000	3.500%
2028	$1,220,000	3.500%
2030	$2,580,000	4.000%
2037	$10,700,000	4.000%
2040	$5,525,000	4.125%

(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 County, 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 Underwriter or its designee, executed by manual or facsimile signature of County Judge, the County Clerk and the County Treasurer, 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 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 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 County, shall be applied simultaneously with the delivery of such Series 2012 Bonds, as follows:

Upon the issuance of the Series 2012 Bonds (and until the adoption of the next Supplemental Indenture that shall provide to the contrary):

(a) the County shall deposit $30,000,000.00 to the Series 2012 Construction Fund Account;

(b) the County shall pay costs of issuance on the Series 2012 Bonds;

(c) the County shall deposit the accrued interest on the Series 2012 Bonds in the Debt Service Fund;

(d) the amount of the Debt Service Reserve Fund Requirement shall be $2,023,225.00, which shall not be less than the average annual Aggregate Debt Service nor more than the maximum annual Aggregate Debt Service on the Senior Lien Revenue Bonds, in accordance with the requirements of the Indenture.

Any amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement not constituting bond proceeds shall be transferred to the Renewal and Replacement Fund at the written direction of the County.

The Series 2012 Bonds are designated as a Debt Service Reserve Fund Participant under the terms of the Indenture.

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 County prior to the authentication and delivery thereof.

SECTION 206. Book-Entry Only System (a) Notwithstanding any provision of this Indenture to the contrary, unless the Issuer 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 County, 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 County, 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 County 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 County'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 Issuer 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 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 County 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 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:

(a) All redemption notices shall be sent by the Trustee and must contain the complete official name of the Bond issue with series designation, CUSIP number, certificate numbers (for Bonds within a stated maturity redeemed in part), principal amounts called for each certificate (for partial calls), date of issue, interest rate, maturity date, publication date (date of release of notice to the general public, *i.e.*, date of publication in a newspaper or date of general mailing of notices to bondholders and information services), redemption date, redemption price, redemption agent name and address with a contact telephone number;

(b) 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 no more than 60 days prior to the redemption date.

If less than all the Series 2012 Bonds within the same Stated Maturity are called for redemption, the particular Series 2012 Bonds or portion of Series 2012 Bonds to be redeemed will be selected by lot 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 Bond 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 Registrar for (i) payment of the redemption price (including the redemption premium, if any, 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 Series 2012 Bonds of the aggregate amount of the unredeemed balance of such Series 2012 Bond, and such new Series 2012 Bond or Series 2012 Bonds will be numbered corresponding to the numbers of the $5,000 units of principal amount not called for redemption. 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).

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 Register.

ARTICLE III
FEDERAL INCOME TAX EXCLUSION

SECTION 301. General. The County 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 County 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 County covenants and agrees to comply with each requirement of this Article; provided, however, that the County shall not be required to comply with any particular requirement of this Article if the County 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 County 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 County 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 County 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 County 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 County 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 County 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 2004 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 County 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 County 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 County 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 County will take all necessary steps to comply with the requirement that certain amounts earned by the County 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 County 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 County allocable to other bond issues of the County or moneys which do not represent gross proceeds of any bonds of the County, (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 County 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 County 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 Indenture, the County's obligations under the covenants and provisions of this Article IV shall survive the defeasance and discharge of the Series 2012 Bonds.

SECTION 309. Construction Fund. The Construction Fund shall be held by the County.

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 County of the general type included in the final official statement prepared in connection with the issuance of the Series 2012 Bonds under Tables numbered 1 through 5 and in Appendices A and B 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 County shall provide annually to EMMA, within six months after the end of each fiscal year of the County ending in or after 2012, Annual Financial Information and Operating Data. 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 County 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 County shall provide unaudited financial information and operating data which is customarily prepared by the County 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 County changes its fiscal year, the County will notify EMMA 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 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 or filed with the SEC.

SECTION 403. Material Event Notices. The County shall notify EMMA, in a timely manner, of any of the following events with respect to the Series 2012 Bonds, if such event is material within the meaning of the federal securities laws:

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 events affecting the tax-exempt status of the 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 Bonds, if Material;
K. Rating changes;
L. Bankruptcy, insolvency, receivership or similar event of the Issuer or other obligated person within the meaning of the Rule;
M. Consummation of a merger, consolidation, or acquisition involving the Issuer or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the Issuer 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 Issuer shall notify EMMA, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with paragraph (a) of this Section by the time required by such Section.

SECTION 404. Limitations, Disclaimers, and Amendments. The County shall be obligated to observe and perform the covenants specified in this Article 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 Section 503 of any Series 2012 Bond calls and defeasance that cause the County 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 County 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 County'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 County 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 COUNTY 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 COUNTY, 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 County in observing or performing its obligation 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 County under federal and state securities laws.

The provisions of this Article 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 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 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 County (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 County so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 502 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 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, but in either case only if and to the extent that its right to do so would not prevent an underwriter from lawfully purchasing or selling bonds in the primary offering of the Series 2012 Bonds.

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 County 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 County: Fort Bend County, Texas
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 75201

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 County Judge or any Commissioner or officer of the County or any person executing the Series 2012 Bonds and neither the County Judge or any Commissioner or officer of the County nor any

person executing the Series 2012 Bonds of the County 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 County 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.

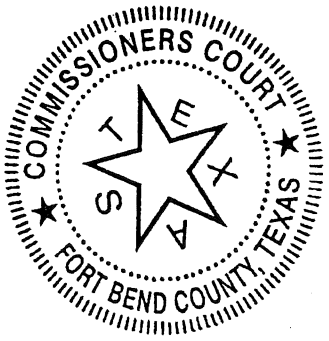
FORT BEND COUNTY, TEXAS

By:_____
Robert E. Hebert
County Judge
Fort Bend County, Texas

ATTEST:

By:_____
Dianne Wilson,
County Clerk of Fort Bend County, Texas

(SEAL)



WELLS FARGO BANK, N.A., Trustee

By: Kristel D. Richards

Name: Kristel D. Richards

Title: Vice President

EXHIBIT A

TO

FIRST SUPPLEMENTAL
SENIOR LIEN TOLL ROAD
REVENUE BOND TRUST INDENTURE

AUTHORIZING

$30,775,000 FORT BEND COUNTY, TEXAS
SENIOR 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 COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BOND, SERIES 2012

INTEREST RATE:	MATURITY DATE:	ISSUE DATE:	CUSIP:
		May 15, 2012	

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

Fort Bend County, Texas (the "County"), a body politic and corporate and political subdivision of the State of 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 May 15, 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 September 1, 2012, and semiannually thereafter on each March 1 and September 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 County, Texas, Senior Lien Toll Road Revenue Bonds, Series 2012" (herein called the "Series 2012 Bonds"), aggregating $30,775,000, issued for the purpose of an extension of the Fort Bend Parkway, including all necessary overpasses, underpasses, interchanges, entrance plazas, toll houses, service stations, approaches, fixtures, accessories, equipment, and administration, storage and all other necessary buildings, together with all property rights, easements, and interests acquired in connection therewith, and all other costs related to such facilities, under and pursuant to Chapter 1201 and Chapter 1371, Texas Government Code, as amended, and Chapter 284, Texas Transportation Code, as amended (collectively, the "Act"), to provide additional funds to pay qualifying costs of the Project, to pay capitalized interest on the Series 2012 Bonds, and to pay the costs of issuing the Series 2012 Bonds. The Series 2012 Bonds are further issued under and pursuant to that certain Senior Lien Toll Road Revenue Bond Trust Indenture dated May 15, 2012 (herein called the "Original Indenture"), between the County and Wells Fargo Bank, N.A. as Trustee (together with any successor, the "Trustee") as supplemented by the First Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated May 15, 2012, between the County 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 and secured by a first lien on and pledge of the Trust Estate as defined and provided in the Indenture. As provided in the Indenture, additional obligations may be issued from time to time pursuant to supplemental indentures in one or more series, in various amounts, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. All obligations 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 COUNTY 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 2030, 2037, and 2040 (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 2030

Mandatory Redemption	Principal Amount
March 1, 2029	$1,265,000
March 1, 2030 (maturity)	$1,315,000

TERM BONDS MATURING IN THE YEAR 2037

Mandatory Redemption	Principal Amount
March 1, 2031	$1,365,000
March 1, 2032	$1,415,000
March 1, 2033	$1,470,000
March 1, 2034	$1,525,000
March 1, 2035	$1,580,000
March 1, 2036	$1,640,000
March 1, 2037 (maturity)	$1,705,000

TERM BONDS MATURING IN THE YEAR 2040

Mandatory Redemption	Principal Amount
March 1, 2038	$1,770,000
March 1, 2039	$1,840,000
March 1, 2040 (maturity)	$1,915,000

ON OR BEFORE 30 days prior to each Mandatory Redemption Date set forth above, the Registrar shall (i) determine the principal amount of such Term Bond that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of any Term Bond to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the County to the Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

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 REGISTERED OWNER of this Bond shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

THE COUNTY 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 annual ad valorem taxes, without legal limit as to rate or amount, sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in the County.

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 County Judge, countersigned with the manual or facsimile signature of the County Clerk, registered by the manual or facsimile signature of the County Treasurer, and the official seal of the County has been duly impressed, or placed in facsimile, on this Bond.

_____
County Judge

COUNTERSIGNED:

REGISTERED:

_____
County Clerk

_____
County Treasurer

(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: _____ _____

Signature Guaranteed: _____ _____ NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program.	_____ _____ 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.

Wells Fargo Bank, N.A.
Corporate Trust Services

Certified Copy of General Signature Resolution Relating to Execution of Written Instruments

I Kathleen Wagner, an Assistant Secretary of Wells Fargo Bank, National Association, a national banking association organized under the laws of the United States of America (the "Bank"), hereby certify that:

The following is a true and correct extract from resolutions duly adopted by the Board of Directors of the Bank on November 25, 2003, and that no modification, amendment, rescission or revocation of such resolutions has occurred affecting such extract as of the date of this certificate, and that the resolutions remain in full force and effect on the date hereof:

RESOLVED, that agreements, instruments, or other documents, including amendments and modifications thereto, relating to or affecting the property or business and affairs of the Bank, whether acting for its own account or in a fiduciary or other representative capacity, may be executed in its name by the persons hereinafter authorized;

FURTHER RESOLVED, that for the purposes of these resolutions, "Executive Officer" shall mean any person specifically designated as an Executive Officer of the Bank by resolution of the Board of Directors, and "Signing Officer" shall mean the Chairman of the Board, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, the Treasurer, any Vice President, any Assistant Vice President, any person whose title includes the word "Officer" (e.g., Commercial Banking Officer, Personal Banking Officer, Trust Officer), or any other person whose title has been or is hereafter designated by the Board of Directors as a title for an officer of the Bank, and such officers are hereby authorized to sign agreements, instruments and other documents on behalf of the Bank in accordance with the signing authorities conferred in Parts A, B and C of these resolutions;

A. Executive Officers

FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President and any Executive Officer of the Bank, acting alone, may execute agreements, guaranties, instruments or other documents which such officer may deem necessary, proper or expedient to the conduct of the business of the Bank;

B. Vice Presidents and Above

FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President and any Vice President, acting alone, may execute on behalf of the Bank:

Deeds, leases, assignments, bills of sale, purchase agreements and other instruments of conveyance to purchase, sell, lease or sublease to or from a third party real property, or any interest therein, for the Bank's own account; provided, however, that such agreements, instruments and other documents may also be signed as hereinafter provided with respect to real property acquired by the Bank in connection with collateral for a loan.

Bonds of indemnity and powers of attorney; provided, however, that proxies to vote stock in a corporation or to vote other interests in other legal entities and stock and bond powers may also be signed as hereinafter provided.

C. Signing Officers

FURTHER RESOLVED, that any Signing Officer, acting alone, may execute on behalf of the Bank, whether acting for its own account or in a fiduciary or other representative capacity:

* * *

Receipts for any funds or other property paid or delivered to the Bank.

Guaranties of signatures, whether appearing as endorsements of bonds, certificates of stock, or other securities, including without limitation medallion guaranties provided in connection with a medallion stamp, or otherwise.

* * *

Agreements and proposals to provide services to or receive services from third parties.

* * *

Trust indentures, declarations of trust, trust and agency agreements, pooling and servicing agreements, fiscal and paying agency agreements, acceptances thereof, consents thereto and any similar agreements, however denominated, to which the Bank is a party in a fiduciary or other representative capacity; certificates of authentication or other indicia of valid issuance with respect to bonds, notes, debentures and other securities or obligations issued under any indenture, mortgage, trust or other agreement; certificates for securities deposited, interim certificates and other certificates for and on behalf of the Bank as depository or agent; countersignatures of stocks, bonds, notes, debentures, voting trust certificates, participation certificates and other certificates, instruments, obligations or other securities on behalf of the Bank as trustee, fiscal and paying agent, transfer agent, registrar or in another similar capacity; and certificates of cancellation and cremation of stocks, bonds, debentures or other securities.

* * *

FURTHER RESOLVED, that the signature of the Secretary or of any Assistant Secretary of the Bank shall be required to certify any resolution adopted by the Board of Directors of the Bank or any committee thereof, the incumbency, title or signature of any officer of the Bank and any designation of authority under these resolutions or otherwise, and the Secretary or any Assistant Secretary of the Bank may also certify any records or other documents created in the ordinary course of the business of the Bank.

I further certify that on the date below, the following named persons were duly appointed, qualified and acting Signing Officers of Wells Fargo Bank, N.A., that their correct title

and genuine signature appears beside their name, and that on said date they were duly authorized to act on behalf of the Bank as set forth in the foregoing resolution:

Name	Title	Signature
Patrick Giordano	Vice President	
Dayna Smith	Assistant Vice President	
Sandra Jones	Vice President	
Amy C. Perkins	Vice President	
John C. Stohlmann	Vice President	
Kushina White	Assistant Vice President	
Kristel D. Richards	Vice President	
Kathleen Wagner	Vice President	

IN WITNESS WHEREOF, I have hereunto signed my name this May 1, 2012.

Assistant Secretary

* * * Redacted [Indicates portions of the resolutions have intentionally been omitted because the sections are not relevant to the transaction for which this certification has been requested.]

SECOND SUPPLEMENTAL
SENIOR LIEN TOLL ROAD REVENUE BOND TRUST INDENTURE

BETWEEN

FORT BEND COUNTY, TEXAS

AND

WELLS FARGO BANK, N.A., Trustee

AUTHORIZING

$45,000,000 FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2014

Dated as of December 1, 2014

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SECOND SUPPLEMENTAL
SENIOR LIEN TOLL ROAD REVENUE BOND TRUST INDENTURE

AUTHORIZING

$45,000,000 FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2014

THIS SECOND SUPPLEMENTAL TRUST INDENTURE, dated as of the 1st day of December, 2014 (this "Second Supplemental Indenture"), is made by and between FORT BEND COUNTY, TEXAS (the "County"), a body politic and corporate and political subdivision of the State of Texas duly created, 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 Senior Lien Toll Road Revenue Bond Trust Indenture, dated as of May 15, 2012 (the "Indenture") and a First Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture, dated as of May 15, 2012 (the "First Supplemental Indenture"), each between the County and the Trustee; and

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

WHEREAS, when the County issues each Series of Bonds under the Indenture it must adopt a Supplemental Indenture providing for the terms and conditions of each such Series of Bonds; and

WHEREAS, pursuant to the Indenture, Chapters 1201 and 1371 of the Texas Government Code, as amended, and Chapter 284 of the Texas Transportation Code, as amended, the County has determined to issue a Series of Bonds under the Indenture (the "Series 2014 Bonds") to provide additional funds for the payment of Costs of the Project and to pay Costs of Issuance, and desires to enter into this Second Supplemental Indenture for such purpose;

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Series 2014 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 County 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 2014 Bonds, as follows:

ARTICLE I.

DEFINITIONS AND STATUTORY AUTHORITY

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

SECTION 102. Definitions. (a) Except as provided in subsection (b) of this Section, all defined terms contained in the Indenture shall have the same meanings in this Second Supplemental Indenture, including the recitals hereof, as such defined terms are given in Section 1.01 of the Indenture, unless the context shall otherwise require.

(b) As used in this Second Supplemental Indenture, unless the context shall otherwise require, the following terms shall have the following respective meanings with respect to the Series 2014 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.

"Second Supplemental Indenture" shall mean this Second Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture of the County dated as of December 1, 2014 authorizing the Series 2014 Bonds.

"Series 2014 Bonds" shall mean the Bonds of the County of the Series authorized by this Second Supplemental Indenture in the aggregate principal amount of $45,000,000 and herein designated Fort Bend County, Texas Senior Lien Toll Road Revenue Bonds, Series 2014.

(c) As used in this Second Supplemental Indenture the following shall have the following respective meaning but only for the purposes of the Series 2014 Bonds and this Second Supplemental Indenture.

"Authenticating Agent" shall mean the Trustee, Wells Fargo Bank, N.A., or such other bank or trust company or national banking institution as the County may designate from time to time which meets the requirements of Sections 9.02 and 9.13 of the Indenture.

"Blanket Letter of Representation" means the Blanket Issuer Letter of Representations among the County, the Trustee, and DTC.

"Comptroller" means the Comptroller of Public Accounts of the State of Texas.

"DTC" means The Depository Trust Company, New York, New York.

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

"Issuance Date" shall mean the date of initial issuance and delivery of the Series 2014 Bonds to the Underwriter, or the representative thereof, against payment therefor.

"Paying Agent" shall mean the Trustee, Wells Fargo Bank, N.A., or such other bank or trust company or national banking institution as the County may designate from time to time which meets the requirements of Sections 9.02 and 9.13 of the Indenture.

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

"Registrar" shall mean the Trustee, Wells Fargo Bank, N.A., or such other bank or trust company or national banking institution as the County may designate from time to time which meets the requirements of Sections 9.02 and 9.13 of the Indenture.

"Underwriter" shall mean, collectively, Raymond James & Associates, Inc., Citigroup Global Markets, Inc. and Siebert Brandford Shank & Co., L.L.C.

(d) Articles and sections referred to by number shall mean the articles and sections of this Second Supplemental Indenture.

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

ARTICLE II.

AUTHORIZATION AND ISSUANCE OF SERIES 2014 BONDS, GENERAL TERMS AND PROVISIONS OF THE SERIES 2014 BONDS

SECTION 201. Name, Amount, Purpose, Authorization.

The Series 2014 Bonds, to be known and designated as FORT BEND COUNTY, TEXAS SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2014, shall be issued in fully registered form, without coupons, in the aggregate principal amount of $45,000,000. The Series 2014 Bonds shall be issued for the purpose of paying the Costs of the Project and paying the Costs of Issuance for the Series 2014 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 2014 Bonds shall be dated December 1, 2014 and shall mature on March 1 in the years and in the amounts set forth below and shall bear interest from the later of the Issuance Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the rates set forth below payable on each September 1 and March 1 commencing on March 1, 2015. The Series 2014 Bonds shall initially be evidenced by an initial Series 2014 Bond registered by the Comptroller (the "Initial Bond") numbered IB-1 and thereafter by definitive Series 2014 Bonds numbered in sequence beginning with R-1. Definitive Series 2014 Bonds delivered on transfer of or in exchange for the Initial Bond 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 2014 Bonds in lieu of which they are delivered. Interest on the Series 2014 Bonds at such rates as shown below shall be payable in the manner provided in the FORM OF BOND set forth in Exhibit A to this Second Supplemental Indenture.

Maturity (March 1)	Principal Amount	Interest Rate
2016	$ 900,000	2.000%
2017	920,000	2.000
2018	945,000	3.000
2019	970,000	3.000
2020	1,005,000	4.000
2021	1,050,000	4.000
2022	1,095,000	5.000
2023	1,150,000	5.000
2024	1,210,000	5.000
2025	1,275,000	5.000
2026	1,340,000	5.000
2027	1,405,000	5.000
2028	1,480,000	5.000
2029	1,555,000	5.000
2030	1,635,000	5.000
2031	1,720,000	5.000
2032	1,805,000	5.000
2033	1,900,000	5.000
2034	1,995,000	5.000
2036	4,305,000	5.000
2042	15,340,000	4.000

(b) Except as provided below, no Series 2014 Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Second 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 County, 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 2014 Bonds, payable in stated installments to the Underwriter or its designee, executed by manual or facsimile signature of the County Judge, the County Clerk and the County Treasurer, approved by the Attorney General of the State of Texas, 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 Series 2014 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 2014 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, 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; Funding of Debt Service Reserve Fund Participant Account. Simultaneously with the delivery of the Series 2014 Bonds, a portion of the proceeds thereof shall be deposited to the Series 2014 Construction Fund Account within the Construction Fund held by the County in the amount determined by an Authorized Officer of the County, and the remaining proceeds of the Series 2014 Bonds shall be used to pay the Costs of Issuance thereof.

The Series 2014 Bonds are designated as a Debt Service Reserve Fund Participant under the terms of the Indenture. Upon the delivery of the Series 2014 Bonds, the County shall cause to be deposited $2,878,100, from lawfully available funds of the County not constituting proceeds of the Series 2014 Bonds, to the Debt Service Reserve Fund Participant Account of the Debt Service Reserve Fund held by the Trustee, which amount satisfies the requirements set forth in the definition of "Debt Service Reserve Fund Requirement" in the Indenture, with respect to the Series 2014 Bonds.

Any amounts in the Debt Service Reserve Fund Participant Account in excess of the Debt Service Reserve Fund Requirement not constituting Bond proceeds shall be transferred by the Trustee to such other Fund or Account at the written direction of an Authorized Officer of the County.

SECTION 204. Manner of Payment, Characteristics, Execution and Authentication. The Series 2014 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 Second Supplemental Indenture.

SECTION 205. Legends. The Series 2014 Bonds may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Second 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 County prior to the authentication and delivery thereof.

SECTION 206. Book-Entry-Only System. (a) Notwithstanding any provision of the Indenture or this Second Supplemental Indenture to the contrary, unless the County shall otherwise direct, all Series 2014 Bonds issued hereunder shall be registered in the name of Cede

& Co., as nominee of DTC, as the Registered Owner of the Series 2014 Bonds, and held in the custody of DTC.

(b) With respect to Series 2014 Bonds registered in the name of Cede & Co., as nominee of DTC, the County, the 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 2014 Bonds, except as provided in this Second Supplemental Indenture. Without limiting the immediately preceding sentence, the County, the 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 2014 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 2014 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 2014 Bonds. Notwithstanding any other provision of this Second Supplemental Indenture to the contrary, the County and the Trustee shall be entitled to treat and consider the person in whose name each Series 2014 Bond is registered in the Register as the absolute Owner of such Series 2014 Bond for the purpose of payment of principal of and interest on the Series 2014 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 2014 Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Series 2014 Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Second Supplemental Indenture 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 County's obligations with respect to payments of principal, premium, if any, and interest on the Series 2014 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 2014 Bond certificate evidencing the obligation of the County to make payments of amounts due pursuant to this Second 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 Second 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 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 County 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 2014 Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Series 2014 Bonds and transfer one or more separate Series 2014 Bonds to DTC Participants having Series 2014 Bonds credited to their DTC accounts, as identified by DTC. In such event, the Series 2014 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 2014 Bonds shall designate, in accordance with the provisions of this Second Supplemental Indenture.

SECTION 208. Payments to Cede & Co. Notwithstanding any other provision of this Second Supplemental Indenture to the contrary, so long as any Series 2014 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 2014 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 2014 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:

(a) All redemption notices shall be sent by the Trustee and must contain the information required by the Indenture and any conditions to such redemption.

(b) Redemption notices must be sent by the Trustee to all registered Owners of the Series 2014 Bonds to be redeemed at least 30 days and no more than 60 days prior to the redemption date.

If less than all the Series 2014 Bonds within the same stated maturity are called for redemption, the particular Series 2014 Bonds or portion of Series 2014 Bonds to be redeemed will be selected by lot by the Trustee or such other random method as the Trustee in its discretion may deem proper; provided, however, that the portion of any Series 2014 Bonds to be redeemed will be in authorized denominations and that, in selecting Series 2014 Bonds for redemption, the Trustee will treat each Series 2014 Bond as representing that number of Series 2014 Bonds which is obtained by dividing the amount of such Series 2014 Bond by $5,000.

If it is determined that one or more, but not all, of the $5,000 units represented by any such Series 2014 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 2014 Bond will forthwith surrender such Series 2014 Bond to the Paying Agent or the Registrar for (i) payment of the redemption price (including the redemption premium, if any, 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 2014 Bond or Series 2014 Bonds of the aggregate amount of the unredeemed balance of such Series 2014 Bond, and such new Series 2014 Bond or Series 2014 Bonds will be numbered corresponding to the numbers of the $5,000 units of principal amount not called for redemption. If the registered Owner of such Series 2014 Bond of a denomination greater than $5,000 fails to present such Series 2014 Bond, such Series 2014 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).

(c) The County reserves the right to give notice of its election or direction to redeem Series 2014 Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys or Investment Securities, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (ii) that the County retains the right to rescind such notice at any time prior to the scheduled redemption date if the County delivers a certificate of an Authorized Officer of the

County to the Trustee instructing the Trustee to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys or Investment Securities are not so deposited or if the notice is rescinded. The Trustee shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Series 2014 Bonds subject to conditional redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default.

SECTION 210. Appointment of Authenticating Agent, Paying Agent and Registrar. Wells Fargo Bank, N.A. is hereby appointed as the Authenticating Agent, Paying Agent and Registrar to act on behalf of the Trustee for the Series 2014 Bonds. By its execution hereof Wells Fargo Bank, N.A. hereby accepts the duties and obligations imposed on it as Authenticating Agent, Paying Agent and Registrar by the Indenture and this Second Supplemental Indenture for the Series 2014 Bonds.

The Registrar shall also maintain a copy of the books of registration for the Series 2014 Bonds in the State of Texas at the Registrar's offices in Dallas, Texas, which shall be kept current by the Registrar.

SECTION 211. Construction Fund. There is hereby established as an Account within the Construction Fund the "Series 2014 Construction Fund Account" relating to the Series 2014 Bonds. A portion of the proceeds of the Series 2014 Bonds shall be deposited in the Series 2014 Construction Fund Account as set forth in Section 2.03 hereof. The County hereby confirms that the Construction Fund, including the Series 2014 Construction Fund Account and any other Account heretofore established within the Construction Fund, shall be held by the County, and that the proceeds of the Series 2012 Bonds (as defined in the First Supplemental Indenture) and of the Series 2014 Bonds on deposit in each such Account within the Construction Fund (together with all investments thereof and investment income earned thereon) are pledged as part of the Trust Estate to secure the payment of the Series 2012 Bonds and the Series 2014 Bonds. Amounts on deposit in the Series 2014 Construction Fund Account shall be used in accordance with the terms of Section 5.03 of the Indenture.

SECTION 212. Project Segments. The Costs of the Project to be funded with a portion of the proceeds of the Series 2014 Bonds are generally described as follows, each of which shall constitute an individual Project Segment for purposes of the Indenture: (i) construction of a grade separated crossing of the Fort Bend Parkway over State Highway 6, (ii) acquisition of land for the Westpark Tollway corridor between the Harris-Fort Bend County line and James Lane, and (iii) upgrade of toll collection facilities for the Fort Bend Parkway and the Westpark Tollway.

ARTICLE III.

FEDERAL INCOME TAX EXCLUSION

SECTION 301. Federal Income Tax Covenants. (a) General. The County intends that the interest on the Series 2014 Bonds 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 Treasury Regulations (the "Regulations"). The County covenants and agrees not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, would (i) cause the interest on the Series 2014 Bonds to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes or (ii) result in the violation of or failure to satisfy any provision of sections 103 and 141 through 150 of the Code and the applicable Regulations. In particular, the County covenants and agrees to comply with each requirement of this Section 301; provided, however, that the County will not be required to comply with any particular requirement of this Section 301 if the County has received an opinion of nationally recognized bond counsel that (i) such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2014 Bonds or (ii) compliance with some other requirement will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other specified requirement will constitute compliance with the corresponding requirement specified in this Section 301 (each, a "Favorable Opinion of Bond Counsel).

(b) No Private Use or Payment and No Private Loan Financing. The County covenants and agrees that it will make such use of the proceeds of the Series 2014 Bonds, including interest or other investment income derived from Series 2014 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 2014 Bonds will not be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder. Moreover, the County will certify, through an authorized officer, employee or agent, based upon all facts and estimates known or reasonably expected to be in existence on the date the Series 2014 Bonds are delivered, that the proceeds of the Series 2014 Bonds will not be used in a manner that would cause the Series 2014 Bonds to be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder.

(c) No Federal Guarantee. The County 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 Series 2014 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.

(d) No Hedge Bonds. The County 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 Series 2014 Bonds to be "hedge bonds" within the meaning of section 149(g) of the Code and the applicable Regulations thereunder.

(e) No Arbitrage. The County covenants and agrees that it will make such use of the proceeds of the Series 2014 Bonds, including interest or other investment income derived from Series 2014 Bond proceeds, regulate investments of proceeds of the Series 2014 Bonds, and take such other and further action as may be required so that the Series 2014 Bonds will not be "arbitrage bonds" within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder. Moreover, the County will certify, through an authorized officer, employee or agent, based upon all facts and estimates known or reasonably expected to

be in existence on the date the Series 2014 Bonds are delivered, that the proceeds of the Series 2014 Bonds will not be used in a manner that would cause the Series 2014 Bonds to be "arbitrage bonds" within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder.

(f) Arbitrage Rebate. If the County 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 County will take all necessary steps to comply with the requirement that certain amounts earned by the County on the investment of the "gross proceeds" of the Series 2014 Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the County will (i) maintain records regarding the investment of the gross proceeds of the Series 2014 Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Series 2014 Bonds separately from records of amounts on deposit in the funds and accounts of the County allocable to other bond issue of the County or moneys that do not represent gross proceeds of any bonds of the County, (ii) determine at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Series 2014 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 2014 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 County 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 2014 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.

(g) Information Reporting. The County 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 2014 Bonds are issued, an information statement concerning the Series 2014 Bonds, all under and in accordance with section 149(e) of the Code and the applicable Regulations promulgated thereunder.

(h) Record Retention. The County will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Series 2014 Bonds until three years after the last Series 2014 Bond is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the County to retrieve and reproduce such books and records in the event of an examination of the Series 2014 Bonds by the Internal Revenue Service.

(i) Registration. The Series 2014 Bonds will be issued in registered form.

(j) Deliberate Actions. The County will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Series 2014 Bonds to fail to meet any requirement of section 141 of the Code after the issue date of the Series 2014 Bonds unless an appropriate remedial action is permitted by section 1.141-12 of the Regulations and a Favorable Opinion of Bond Counsel is obtained that such remedial action cures any failure to meet the requirements of section 141 of the Code.

(k) Continuing Obligation. Notwithstanding any other provision of this Indenture, the County's obligations under the covenants and provisions of this Section 301 will survive the defeasance and discharge of the Series 2014 Bonds for as long as such matters are relevant to the exclusion from gross income of interest on the Series 2014 Bonds for federal income tax purposes.

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 County of the general type included in the final official statement prepared in connection with the issuance of the Series 2014 Bonds under Tables numbered 1 through 5 and in Appendices A and B of such 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 County shall provide annually to EMMA, within six months after the end of each fiscal year of the County ending in or after 2014, Annual Financial Information and Operating Data. 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 principles and (2) 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 the audit of such financial statements is not complete within such period, then the County shall provide unaudited financial information and operating data which is customarily prepared by the County 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 County changes its fiscal year, the County will notify EMMA 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 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 or filed with the SEC.

SECTION 403. Event Notices. The County shall notify EMMA, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Series 2014 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 Series 2014 Bonds, or other events affecting the tax-exempt status of the Series 2014 Bonds;

G. Modifications to rights of holders of the Series 2014 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 2014 Bonds, if Material;

K. Rating changes;

L. Bankruptcy, insolvency, receivership or similar event of the County or other obligated person within the meaning of the Rule;

M. Consummation of a merger, consolidation, or acquisition involving the County or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the County 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.

For purposes of the event identified in paragraph L above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person within the meaning of the Rule 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 obligated person within the meaning of the Rule, 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 obligated person within the meaning of the Rule.

The County shall notify EMMA, in a timely manner, of any failure by the County to provide financial information or operating data in accordance with Section 402 by the time required by such Section.

SECTION 404. Limitations, Disclaimers, and Amendments. The County shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the County remains an "obligated person" with respect to the Series 2014 Bonds within the meaning of the Rule, except that the County in any event will give the notice required by Section 403 of any Series 2014 Bond calls and defeasances that cause the County 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 2014 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 County 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 County'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 County does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Series 2014 Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE COUNTY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY SERIES 2014 BOND 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 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 County in observing or performing its obligation under this Article shall constitute a breach of or default under this Second Supplemental Indenture or the Indenture for purposes of any other provision of this Second Supplemental Indenture or the Indenture.

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

The provisions of this Article 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 Article, as so amended, would have permitted an underwriter to purchase or sell Series 2014 Bonds in the original primary offering of such 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 Second Supplemental Indenture or the Indenture that authorizes such an amendment) of the Outstanding Series 2014 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 Owners and beneficial owners of the Series 2014 Bonds. If the County 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 County 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, but in either case only if and to the extent that its right to do so would not prevent an underwriter from lawfully purchasing or selling Series 2014 Bonds in the primary offering of the Series 2014 Bonds.

ARTICLE V.

COVENANTS AND MISCELLANEOUS PROVISIONS

SECTION 501. Notice. Any notice, demand, direction, request, or other instrument authorized or required by this Second Supplemental Indenture to be given to or filed with the County 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 County: Fort Bend County, Texas
County Administration Building
309 S. Fourth, Suite 719
Richmond, Texas 77469
Attn: County Judge

If to Trustee: Wells Fargo Bank, N.A.
Attn: Corporate, Municipal and Escrow Solutions
750 N. St. Paul Place, Suite 1750
Dallas, Texas 75201

SECTION 502. No Recourse on Series 2014 Bonds. No recourse shall be had for payment of the principal of or interest on the Series 2014 Bonds or for any claim based thereon or on this Second Supplemental Indenture or the Indenture against the County Judge or any Commissioner or officer of the County or any person executing the Series 2014 Bonds and neither the County Judge or any Commissioner or officer of the County nor any person executing the Series 2014 Bonds of the County shall be liable personally on the Series 2014 Bonds by reason of the issuance thereof.

SECTION 503. Execution in Several Counterparts. This Second 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 Pages Follow]

IN WITNESS WHEREOF, the County and the Trustee have caused this Second 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 COUNTY, TEXAS

By:_____
Robert E. Hebert
County Judge
Fort Bend County, Texas

ATTEST:

By:_____
Dianne Wilson,
County Clerk of Fort Bend County, Texas

(SEAL)



WELLS FARGO BANK, N.A., Trustee

By: _____
Name: Gail A. Klawin
Title: Vice President

EXHIBIT A

FORM OF BOND

(a) Form of Series 2014 Bond.

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF FORT BEND

REGISTERED NUMBER _____

REGISTERED DENOMINATION
$_____

FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BOND, SERIES 2014

INTEREST RATE: MATURITY DATE: ISSUANCE DATE: CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:_____DOLLARS

Fort Bend County, Texas (the "County"), a body politic and corporate and political subdivision of the State of 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 Issuance Date, 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, 2015, and semiannually thereafter on each March 1 and September 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. In the event of nonpayment of interest on a scheduled interest payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," 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 Owner of a Series 2014 Bond appearing on the Register at the close business on the last Business Day preceding the date of mailing of such notice.

THIS BOND IS ONE OF A SERIES OF BONDS designated "Fort Bend County, Texas, Senior Lien Toll Road Revenue Bonds, Series 2014" (herein called the "Series 2014 Bonds"), dated as of December 1, 2014, aggregating $45,000,000, issued for the purpose of paying Costs of the Project (as defined in the hereinafter defined Original Indenture), including but not limited

to, all necessary overpasses, underpasses, interchanges, entrance plazas, toll houses, service stations, approaches, fixtures, accessories, equipment, and administration, storage and all other necessary buildings, together with all property rights, easements, and interests acquired in connection therewith, and all other costs related to such facilities, under and pursuant to Chapters 1201 and Chapter 1371, Texas Government Code, as amended, and Chapter 284, Texas Transportation Code, as amended (collectively, the "Act"), and paying the costs of issuing the Series 2014 Bonds. The Series 2014 Bonds are issued under and pursuant to that certain Senior Lien Toll Road Revenue Bond Trust Indenture dated May 15, 2012 (herein called the "Original Indenture"), between the County and Wells Fargo Bank, N.A., as Trustee (together with any successor, the "Trustee"), as supplemented by the First Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated May 15, 2012, between the County and the Trustee (herein called the "First Supplemental Indenture"), and as supplemented by the Second Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated December 1, 2014, between the County and the Trustee (herein called the "Second Supplemental Indenture"). The Original Indenture, as supplemented by the First Supplemental Indenture and the Second Supplemental Indenture, and as may be further amended and supplemented from time to time, is herein called the "Indenture." To the extent of any conflict between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall govern and control.

THE SERIES 2014 BONDS are payable from and secured by a first lien on and pledge of the Trust Estate as defined and provided in the Indenture. As provided in the Indenture, additional obligations may be issued from time to time pursuant to supplemental indentures in one or more series, in various amounts, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. All obligations 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 COUNTY RESERVES THE RIGHT to redeem the Series 2014 Bonds scheduled to mature on or after March 1, 2025, prior to maturity, in whole or from time to time in part, in integral multiples of $5,000, on March 1, 2024 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 2036 and 2042 (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 2036

Year	Principal Amount
2035	$2,100,000
2036 (maturity)	2,205,000

TERM BONDS MATURING IN THE YEAR 2042

Year	Principal Amount
2037	$2,310,000
2038	2,400,000
2039	2,500,000
2040	2,600,000
2041	2,710,000
2042 (maturity)	2,820,000

ON OR BEFORE thirty (30) days prior to each redemption date set forth above, the Registrar shall (i) determine the principal amount of such Term Bond that must be mandatorily redeemed on such redemption date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such redemption date, and (iii) give notice of such redemption as provided in the Indenture. The principal amount of any Term Bond to be mandatorily redeemed on such redemption date shall be reduced by the principal amount of such Term Bond which, by the 45th day prior to such redemption date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the County to the Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

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 2014 Bond to be redeemed in whole or in part at the address shown on the books of registration kept by the Registrar. When Series 2014 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 Minneapolis, Minnesota, 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 Minneapolis, Minnesota, 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 REGISTERED OWNER of this Bond shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

THE COUNTY 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; and 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.

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 County Judge, countersigned with the manual or facsimile signature of the County Clerk, registered by the manual or facsimile signature of the County Treasurer, and the official seal of the County has been duly impressed, or placed in facsimile, on this Bond.

_____
County Judge

COUNTERSIGNED:

REGISTERED:

_____
County Clerk

_____
County Treasurer

(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 _____.

(SEAL)

_____
Comptroller of Public Accounts of the State of Texas

(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:_____ _____

Signature Guaranteed: _____ _____ NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program.	_____ _____ Registered Owner NOTICE: The signature above must correspond to the name of the Registered Owner as show on the face of this Bond in every particular, without any alteration, enlargement or change whatsoever.

CERTIFICATION REGARDING AUTHENTICITY OF INDENTURE

I, the undersigned County Clerk of Fort Bend County, Texas (the "County"), hereby certify as follows:

1. This Certificate is given in connection with the issuance by the County of its Senior Lien Toll Road Revenue Bonds, Series 2014 (the "Series 2014 Bonds").

2. Attached to this Certificate is a true and correct copy of the Senior Lien Toll Road Revenue Bond Trust Indenture (the "Indenture"), dated as of May 15, 2012, by and between the County and Wells Fargo Bank, N.A., as trustee (the "Trustee").

3. The Indenture has not been terminated, released, supplemented, modified or amended in any manner, except for (i) the First Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture, dated as of May 15, 2012, by and between the County and the Trustee, which was submitted to the Attorney General of Texas in connection with the issuance of the Series 2012 Bonds (as defined therein), and (ii) the Second Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture, dated as of December 1, 2014, by and between the County and the Trustee, authorizing the issuance of the Series 2014 Bonds.

[Signature page follows]

IN WITNESS WHEREOF, I have hereunto set my hand this 18 day of November, 2014.

County Clerk, Fort Bend County

DIANNE WILSON

THIRD SUPPLEMENTAL
SENIOR LIEN TOLL ROAD REVENUE BOND TRUST INDENTURE

BETWEEN

FORT BEND COUNTY, TEXAS

AND

WELLS FARGO BANK, N.A., Trustee

AUTHORIZING

$64,440,000 FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016

Dated as of February 1, 2016

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THIRD SUPPLEMENTAL
SENIOR LIEN TOLL ROAD REVENUE BOND TRUST INDENTURE

AUTHORIZING

$64,440,000 FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016

THIS THIRD SUPPLEMENTAL SENIOR LIEN TOLL ROAD REVENUE BOND TRUST INDENTURE, dated as of the 1st day of February, 2016 (this "Third Supplemental Indenture"), is made by and between FORT BEND COUNTY, TEXAS (the "County"), a body politic and corporate and political subdivision of the State of Texas duly created, 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 Senior Lien Toll Road Revenue Bond Trust Indenture, dated as of May 15, 2012 (the "Indenture"), a First Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture, dated as of May 15, 2012 (the "First Supplemental Indenture") and a Second Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture, dated as of December 1, 2014 (the "Second Supplemental Indenture"), each between the County and the Trustee; and

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

WHEREAS, when the County issues each Series of Bonds under the Indenture it must adopt a Supplemental Indenture providing for the terms and conditions of each such Series of Bonds; and

WHEREAS, pursuant to the Indenture, Chapters 1201 and 1371 of the Texas Government Code, as amended, and Chapter 284 of the Texas Transportation Code, as amended, the County has determined to issue a Series of Bonds under the Indenture (the "Series 2016 Bonds") to provide additional funds for the payment of Costs of the Series 2016 Project and to pay Costs of Issuance, and desires to enter into this Third Supplemental Indenture for such purpose;

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Series 2016 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 County 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 2016 Bonds, as follows:

ARTICLE I.

DEFINITIONS AND STATUTORY AUTHORITY

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

SECTION 102. Definitions. (a) Except as provided in subsection (b) of this Section, all defined terms contained in the Indenture shall have the same meanings in this Third Supplemental Indenture, including the recitals hereof, as such defined terms are given in Section 1.01 of the Indenture, unless the context shall otherwise require.

(b) As used in this Third Supplemental Indenture, unless the context shall otherwise require, the following terms shall have the following respective meanings with respect to the Series 2016 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.

"Third Supplemental Indenture" shall mean this Third Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture of the County dated as of February 1, 2016 authorizing the Series 2016 Bonds.

"Series 2016 Bonds" shall mean the Bonds of the County of the Series authorized by this Third Supplemental Indenture in the aggregate principal amount of $64,440,000 and herein designated Fort Bend County, Texas Senior Lien Toll Road Revenue Bonds, Series 2016.

(c) As used in this Third Supplemental Indenture the following shall have the following respective meaning but only for the purposes of the Series 2016 Bonds and this Third Supplemental Indenture.

"Authenticating Agent" shall mean the Trustee, Wells Fargo Bank, N.A., or such other bank or trust company or national banking institution as the County may designate from time to time which meets the requirements of Sections 9.02 and 9.13 of the Indenture.

"Blanket Letter of Representation" means the Blanket Issuer Letter of Representations between the County and DTC.

"Comptroller" means the Comptroller of Public Accounts of the State of Texas.

"DTC" means The Depository Trust Company, New York, New York.

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

"Issuance Date" shall mean the date of initial issuance and delivery of the Series 2016 Bonds to the Underwriter, or the representative thereof, against payment therefor.

"Paying Agent" shall mean the Trustee, Wells Fargo Bank, N.A., or such other bank or trust company or national banking institution as the County may designate from time to time which meets the requirements of Sections 9.02 and 9.13 of the Indenture.

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

"Registrar" shall mean the Trustee, Wells Fargo Bank, N.A., or such other bank or trust company or national banking institution as the County may designate from time to time which meets the requirements of Sections 9.02 and 9.13 of the Indenture.

"Underwriter" shall mean, collectively, Raymond James & Associates, Inc., Siebert Brandford Shank & Co., L.L.C. and Mesirow Financial, Inc.

(d) Articles and sections referred to by number shall mean the articles and sections of this Third Supplemental Indenture.

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

ARTICLE II.

AUTHORIZATION AND ISSUANCE OF SERIES 2016 BONDS, GENERAL TERMS AND PROVISIONS OF THE SERIES 2016 BONDS

SECTION 201. Name, Amount, Purpose, Authorization.

The Series 2016 Bonds, to be known and designated as FORT BEND COUNTY, TEXAS SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016, shall be issued in fully registered form, without coupons, in the aggregate principal amount of $64,440,000. The Series 2016 Bonds shall be issued for the purpose of paying the Costs of the Series 2016 Project and paying the Costs of Issuance for the Series 2016 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 2016 Bonds shall be dated February 1, 2016 and shall mature on March 1 in the years and in the amounts set forth below and shall bear interest from the later of the Issuance Date or the most recent Interest Payment Date to which interest has been paid or duly provided for at the rates set forth below payable on each September 1 and March 1 commencing on September 1, 2016. The Series 2016 Bonds shall initially be evidenced by an initial Series 2016 Bond registered by the Comptroller (the "Initial Bond") numbered IB-1 and thereafter by definitive Series 2016 Bonds numbered in sequence beginning with R-1. Definitive Series 2016 Bonds delivered on transfer of or in exchange for the Initial Bond 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 2016 Bonds in lieu of which they are delivered. Interest on the Series 2016 Bonds at such rates as shown below shall be payable in the manner provided in the FORM OF BOND set forth in Exhibit A to this Third Supplemental Indenture.

Maturity (March 1)	Principal Amount	Interest Rate	Maturity (March 1)	Principal Amount	Interest Rate
2019	$250,000	2.000%	2029	$1,985,000	5.000%
2020	500,000	2.000	2030	2,060,000	5.000
2021	750,000	2.000	2031	2,210,000	5.000
2022	1,000,000	5.000	2032	2,340,000	5.000
2023	1,250,000	5.000	2033	2,455,000	5.000
2024	1,285,000	5.000	2034	2,585,000	5.000
2025	1,605,000	5.000	2035	2,715,000	5.000
2026	1,685,000	5.000	2036	2,855,000	5.000
2027	1,775,000	5.000	2041	16,620,000	5.000
2028	1,875,000	5.000	2045	16,640,000	5.000

(b) Except as provided below, no Series 2016 Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Third 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 County, 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 2016 Bonds, payable in stated installments to the Underwriter or its designee, executed by manual or facsimile signature of the County Judge, the County Clerk and the County Treasurer, approved by the Attorney General of the State of Texas, 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 Series 2016 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 2016 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, 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; Funding of Debt Service Reserve Fund Participant Account. Simultaneously with the delivery of the Series 2016 Bonds, a portion of the proceeds thereof shall be deposited to the Series 2016 Construction Fund Account within the Construction Fund held by the County in the amount determined by an Authorized Officer of the County, and the remaining proceeds of the Series 2016 Bonds shall be used to pay the Costs of Issuance thereof.

The Series 2016 Bonds are designated as a Debt Service Reserve Fund Participant under the terms of the Indenture. Upon the delivery of the Series 2016 Bonds, the County shall cause to be deposited $4,592,000, from lawfully available funds of the County not constituting proceeds of the Series 2016 Bonds, to the Debt Service Reserve Fund Participant Account of the Debt Service Reserve Fund held by the Trustee, which amount satisfies the requirements set forth in the definition of "Debt Service Reserve Fund Requirement" in the Indenture, with respect to the Series 2016 Bonds.

Any amounts in the Debt Service Reserve Fund Participant Account in excess of the Debt Service Reserve Fund Requirement not constituting Bond proceeds shall be transferred by the Trustee to such other Fund or Account at the written direction of an Authorized Officer of the County.

SECTION 204. Manner of Payment, Characteristics, Execution and Authentication. The Series 2016 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 Third Supplemental Indenture.

SECTION 205. Legends. The Series 2016 Bonds may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Third 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 County prior to the authentication and delivery thereof.

SECTION 206. Book-Entry-Only System. (a) Notwithstanding any provision of the Indenture or this Third Supplemental Indenture to the contrary, unless the County shall otherwise direct, all Series 2016 Bonds issued hereunder shall be registered in the name of Cede & Co., as nominee of DTC, as the Registered Owner of the Series 2016 Bonds, and held in the custody of DTC.

(b) With respect to Series 2016 Bonds registered in the name of Cede & Co., as nominee of DTC, the County, the 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 2016 Bonds, except as provided in this Third Supplemental Indenture. Without limiting the immediately preceding sentence, the County, the 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 2016 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 2016 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 2016 Bonds. Notwithstanding any other provision of this Third Supplemental Indenture to the contrary, the County and the Trustee shall be entitled to treat and consider the person in whose name each Series 2016 Bond is registered in the Register as the absolute Owner of such Series 2016 Bond for the purpose of payment of principal of and interest on the Series 2016 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 2016 Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Series 2016 Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Third Supplemental Indenture 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 County's obligations with respect to payments of principal, premium, if any, and interest on the Series 2016 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 2016 Bond certificate evidencing the obligation of the County to make payments of amounts due pursuant to this Third 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 Third 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 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 County 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 2016 Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Series 2016 Bonds and transfer one or more separate Series 2016 Bonds to DTC Participants having Series 2016 Bonds credited to their DTC accounts, as identified by DTC. In such event, the Series 2016 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 2016 Bonds shall designate, in accordance with the provisions of this Third Supplemental Indenture.

SECTION 208. Payments to Cede & Co. Notwithstanding any other provision of this Third Supplemental Indenture to the contrary, so long as any Series 2016 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 2016 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 2016 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:

(a) All redemption notices shall be sent by the Trustee and must contain the information required by the Indenture and any conditions to such redemption.

(b) Redemption notices must be sent by the Trustee to all registered Owners of the Series 2016 Bonds to be redeemed at least 30 days and no more than 60 days prior to the redemption date.

If less than all the Series 2016 Bonds within the same stated maturity are called for redemption, the particular Series 2016 Bonds or portion of Series 2016 Bonds to be redeemed will be selected by lot by the Trustee or such other random method as the Trustee in its discretion may deem proper; provided, however, that the portion of any Series 2016 Bonds to be redeemed will be in authorized denominations and that, in selecting Series 2016 Bonds for redemption, the Trustee will treat each Series 2016 Bond as representing that number of Series 2016 Bonds which is obtained by dividing the amount of such Series 2016 Bond by $5,000.

If it is determined that one or more, but not all, of the $5,000 units represented by any such Series 2016 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 2016 Bond will forthwith surrender such Series 2016 Bond to the Paying Agent or the Registrar for (i) payment of the redemption price (including the redemption premium, if any, 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 2016 Bond or Series 2016 Bonds of the aggregate amount of the unredeemed balance of such Series 2016 Bond, and such new Series 2016 Bond or Series 2016 Bonds will be numbered corresponding to the numbers of the $5,000 units of principal amount not called for redemption. If the registered Owner of such Series 2016 Bond of a denomination greater than $5,000 fails to present such Series 2016 Bond, such Series 2016 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).

(c) The County reserves the right to give notice of its election or direction to redeem Series 2016 Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys or Investment Securities, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (ii) that the County retains the right to rescind such notice at any time prior to the scheduled redemption date if the County delivers a certificate of an Authorized Officer of the County to the Trustee instructing the Trustee to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys or Investment Securities are not so deposited or if the notice is rescinded. The Trustee shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Series 2016 Bonds subject to conditional redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default.

SECTION 210. Appointment of Authenticating Agent, Paying Agent and Registrar. Wells Fargo Bank, N.A. is hereby appointed as the Authenticating Agent, Paying Agent and Registrar to act on behalf of the Trustee for the Series 2016 Bonds. By its execution

hereof Wells Fargo Bank, N.A. hereby accepts the duties and obligations imposed on it as Authenticating Agent, Paying Agent and Registrar by the Indenture and this Third Supplemental Indenture for the Series 2016 Bonds.

The Registrar shall also maintain a copy of the books of registration for the Series 2016 Bonds in the State of Texas at the Registrar's offices in Dallas, Texas, which shall be kept current by the Registrar.

SECTION 211. Construction Fund. There is hereby established as an Account within the Construction Fund the "Series 2016 Construction Fund Account" relating to the Series 2016 Bonds. A portion of the proceeds of the Series 2016 Bonds shall be deposited in the Series 2016 Construction Fund Account as set forth in Section 2.03 hereof. The County hereby confirms that the Construction Fund, including the Series 2016 Construction Fund Account and any other Account heretofore established within the Construction Fund, shall be held by the County, and that the proceeds of the Series 2012 Bonds (as defined in the First Supplemental Indenture) and of the Series 2016 Bonds on deposit in each such Account within the Construction Fund (together with all investments thereof and investment income earned thereon) are pledged as part of the Trust Estate to secure the payment of the Series 2012 Bonds and the Series 2016 Bonds. Amounts on deposit in the Series 2016 Construction Fund Account shall be used in accordance with the terms of Section 5.03 of the Indenture.

SECTION 212. Project Segments. The Costs of the Project to be funded with a portion of the proceeds of the Series 2016 Bonds (the "Series 2016 Project") are generally described as follows: A portion of the Series 2016 Bond proceeds will be used to finance the construction of an extension of the Westpark Tollway from State Highway 99 (also known as the Grand Parkway) to west of Farm to Market Road 723, a distance of 2.628 miles, the right of way acquisition and utility relocation to accommodate this segment as well as future segments of the Westpark Tollway from west of Farm to Market Road 723 to west of Cross Creek Ranch Boulevard , a distance of 3.163 miles.

ARTICLE III.

FEDERAL INCOME TAX EXCLUSION

SECTION 301. Federal Income Tax Covenants. (a) General. The County intends that the interest on the Series 2016 Bonds 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 Treasury Regulations (the "Regulations"). The County covenants and agrees not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, would (i) cause the interest on the Series 2016 Bonds to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes or (ii) result in the violation of or failure to satisfy any provision of sections 103 and 141 through 150 of the Code and the applicable Regulations. In particular, the County covenants and agrees to comply with each requirement of this Section 301; provided, however, that the County will not be required to comply with any particular requirement of this Section 301 if the County has received an opinion of nationally recognized bond counsel ("Counsel's opinion") that (i) such noncompliance will not adversely affect the exclusion from gross income for federal

income tax purposes of interest on the Series 2016 Bonds or (ii) compliance with some other requirement set forth in this Section 301 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 will constitute compliance with the corresponding requirement specified in this Section 301.

(b) No Private Use or Payment and No Private Loan Financing. The County covenants and agrees that it will make such use of the proceeds of the Series 2016 Bonds, including interest or other investment income derived from Series 2016 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 2016 Bonds will not be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder. Moreover, the County will certify, through an authorized officer, employee or agent, based upon all facts and estimates known or reasonably expected to be in existence on the date the Series 2016 Bonds are delivered, that the proceeds of the Series 2016 Bonds will not be used in a manner that would cause the Series 2016 Bonds to be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder.

(c) No Federal Guarantee. The County 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 Series 2016 Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code and the applicable Regulations promulgated thereunder, except as permitted by section 149(b)(3) of the Code and such Regulations.

(d) No Hedge Bonds. The County 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 Series 2016 Bonds to be "hedge bonds" within the meaning of section 149(g) of the Code and the applicable Regulations promulgated thereunder.

(e) No Arbitrage. The County covenants and agrees that it will make such use of the proceeds of the Series 2016 Bonds, including interest or other investment income derived from Series 2016 Bond proceeds, regulate investments of proceeds of the Series 2016 Bonds, and take such other and further action as may be required so that the Series 2016 Bonds will not be "arbitrage bonds" within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder. Moreover, the County will certify, through an authorized officer, employee or agent, based upon all facts and estimates known or reasonably expected to be in existence on the date the Series 2016 Bonds are delivered, that the proceeds of the Series 2016 Bonds will not be used in a manner that would cause the Series 2016 Bonds to be "arbitrage bonds" within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder.

(f) Arbitrage Rebate. If the County 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 County will take all necessary steps to comply with the requirement that certain amounts earned by the County on the investment of the "gross proceeds" of the Series 2016 Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the County will (i) maintain records regarding the investment of the gross proceeds

of the Series 2016 Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Series 2016 Bonds separately from records of amounts on deposit in the funds and accounts of the County allocable to other bond issue of the County or moneys that do not represent gross proceeds of any bonds of the County, (ii) determine at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Series 2016 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 2016 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 County 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 2016 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.

(g) Information Reporting. The County 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 2016 Bonds are issued, an information statement concerning the Series 2016 Bonds, all under and in accordance with section 149(e) of the Code and the applicable Regulations promulgated thereunder.

(h) Record Retention. The County will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Series 2016 Bonds until three years after the last Series 2016 Bond is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the County to retrieve and reproduce such books and records in the event of an examination of the Series 2016 Bonds by the Internal Revenue Service.

(i) Registration. The Series 2016 Bonds will be issued in registered form.

(j) Deliberate Actions. The County will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Series 2016 Bonds to fail to meet any requirement of section 141 of the Code after the issue date of the Series 2016 Bonds unless an appropriate remedial action is permitted by section 1.141-12 of the Regulations and a Favorable Opinion of Bond Counsel is obtained that such remedial action cures any failure to meet the requirements of section 141 of the Code.

(k) Continuing Obligation. Notwithstanding any other provision of this Indenture, the County's obligations under the covenants and provisions of this Section 301 will survive the defeasance and discharge of the Series 2016 Bonds for as long as such matters are relevant to the exclusion from gross income of interest on the Series 2016 Bonds for federal income tax purposes.

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 County of the general type included in the final official statement prepared in connection with the issuance of the Series 2016 Bonds under Tables numbered 1 through 5 and in Appendices A and B of such 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 County shall provide annually to EMMA, within six months after the end of each fiscal year of the County ending in or after 2014, Annual Financial Information and Operating Data. 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 principles and (2) 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 the audit of such financial statements is not complete within such period, then the County shall provide unaudited financial information and operating data which is customarily prepared by the County 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 County changes its fiscal year, the County will notify EMMA 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 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 or filed with the SEC.

SECTION 403. Event Notices. The County shall notify EMMA, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Series 2016 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 Series 2016 Bonds, or other events affecting the tax-exempt status of the Series 2016 Bonds;

G. Modifications to rights of holders of the Series 2016 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 2016 Bonds, if Material;

K. Rating changes;

L. Bankruptcy, insolvency, receivership or similar event of the County or other obligated person within the meaning of the Rule;

M. Consummation of a merger, consolidation, or acquisition involving the County or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the County 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.

For purposes of the event identified in paragraph L above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person within the meaning of the Rule 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 obligated person within the meaning of the Rule, 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 obligated person within the meaning of the Rule.

The County shall notify EMMA, in a timely manner, of any failure by the County to provide financial information or operating data in accordance with Section 402 by the time required by such Section.

SECTION 404. Limitations, Disclaimers, and Amendments. The County shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the County remains an "obligated person" with respect to the Series 2016 Bonds within the meaning of the Rule, except that the County in any event will give the notice required by Section 403 of any Series 2016 Bond calls and defeasances that cause the County 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 2016 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 County 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 County'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 County does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Series 2016 Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE COUNTY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY SERIES 2016 BOND 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 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 County in observing or performing its obligation under this Article shall constitute a breach of or default under this Third Supplemental Indenture or the Indenture for purposes of any other provision of this Third Supplemental Indenture or the Indenture.

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

The provisions of this Article 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 Article, as so amended, would have permitted an underwriter to purchase or

sell Series 2016 Bonds in the original primary offering of such 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 Third Supplemental Indenture or the Indenture that authorizes such an amendment) of the Outstanding Series 2016 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 Owners and beneficial owners of the Series 2016 Bonds. If the County 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 County 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, but in either case only if and to the extent that its right to do so would not prevent an underwriter from lawfully purchasing or selling Series 2016 Bonds in the primary offering of the Series 2016 Bonds.

ARTICLE V.

COVENANTS AND MISCELLANEOUS PROVISIONS

SECTION 501. Notice. Any notice, demand, direction, request, or other instrument authorized or required by this Third Supplemental Indenture to be given to or filed with the County 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 County: Fort Bend County, Texas
County Administration Building
309 S. Fourth, Suite 719
Richmond, Texas 77469
Attn: County Judge

If to Trustee: Wells Fargo Bank, N.A.
Attn: Corporate, Municipal and Escrow Solutions
750 N. St. Paul Place, Suite 1750
Dallas, Texas 75201

SECTION 502. No Recourse on Series 2016 Bonds. No recourse shall be had for payment of the principal of or interest on the Series 2016 Bonds or for any claim based thereon or on this Third Supplemental Indenture or the Indenture against the County Judge or any Commissioner or officer of the County or any person executing the Series 2016 Bonds and neither the County Judge or any Commissioner or officer of the County nor any person executing the Series 2016 Bonds of the County shall be liable personally on the Series 2016 Bonds by reason of the issuance thereof.

SECTION 503. Execution in Several Counterparts. This Third 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 Pages Follow]

IN WITNESS WHEREOF, the County and the Trustee have caused this Third Supplemental 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 COUNTY, TEXAS

By:_____
Robert E. Hebert
County Judge

ATTEST:

By:_____
Laura Richard
County Clerk

(SEAL)



WELLS FARGO BANK, N.A., Trustee

By: _____

Name: Gail A. Klewin

Title: Vice President

EXHIBIT A

FORM OF BOND

(a) Form of Series 2016 Bond.

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF FORT BEND

REGISTERED NUMBER _____ REGISTERED DENOMINATION $_____

FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016

INTEREST RATE: MATURITY DATE: ISSUANCE DATE: CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:_____DOLLARS

Fort Bend County, Texas (the "County"), a body politic and corporate and political subdivision of the State of 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 Issuance Date, 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 September 1, 2016, and semiannually thereafter on each March 1 and September 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. In the event of nonpayment of interest on a scheduled interest payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," 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 Owner of a Series 2016 Bond appearing on the Register at the close business on the last Business Day preceding the date of mailing of such notice.

THIS BOND IS ONE OF A SERIES OF BONDS designated "Fort Bend County, Texas, Senior Lien Toll Road Revenue Bonds, Series 2016" (herein called the "Series 2016 Bonds"), dated as of February 1, 2016, aggregating $64,440,000, issued for the purpose of paying Costs of the Series 2016 Project which is part of the Project (as defined in the hereinafter defined Original

Indenture), including but not limited to, all necessary overpasses, underpasses, interchanges, entrance plazas, toll houses, service stations, approaches, fixtures, accessories, equipment, and administration, storage and all other necessary buildings, together with all property rights, easements, and interests acquired in connection therewith, and all other costs related to such facilities, under and pursuant to Chapters 1201 and Chapter 1371, Texas Government Code, as amended, and Chapter 284, Texas Transportation Code, as amended (collectively, the "Act"), and paying the costs of issuing the Series 2016 Bonds. The Series 2016 Bonds are issued under and pursuant to that certain Senior Lien Toll Road Revenue Bond Trust Indenture dated May 15, 2012 (herein called the "Original Indenture"), between the County and Wells Fargo Bank, N.A., as Trustee (together with any successor, the "Trustee"), as supplemented by the First Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated May 15, 2012, between the County and the Trustee (herein called the "First Supplemental Indenture"), as supplemented by the Second Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated December 1, 2014, between the County and the Trustee (herein called the "Second Supplemental Indenture") and as supplemented by the Third Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated February 1, 2016, between the County and the Trustee (herein called the "Third Supplemental Indenture"). The Original Indenture, as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, and as may be further amended and supplemented from time to time, is herein called the "Indenture." To the extent of any conflict between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall govern and control.

THE SERIES 2016 BONDS are payable from and secured by a first lien on and pledge of the Trust Estate as defined and provided in the Indenture. As provided in the Indenture, additional obligations may be issued from time to time pursuant to supplemental indentures in one or more series, in various amounts, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. All obligations 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 COUNTY RESERVES THE RIGHT to redeem the Series 2016 Bonds scheduled to mature on or after March 1, 2026, prior to maturity, in whole or from time to time in part, in integral multiples of $5,000, on March 1, 2025 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 2041 and 2045 (together, 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 2041

Year	Principal Amount
2037	$3,000,000
2038	3,155,000
2039	3,315,000
2040	3,485,000
2041 (maturity)	3,665,000

TERM BONDS MATURING IN THE YEAR 2045

Year	Principal Amount
2042	$3,855,000
2043	4,050,000
2044	4,260,000
2045 (maturity)	4,475,000

ON OR BEFORE thirty (30) days prior to each redemption date set forth above, the Registrar shall (i) determine the principal amount of such Term Bond that must be mandatorily redeemed on such redemption date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such redemption date, and (iii) give notice of such redemption as provided in the Indenture. The principal amount of any Term Bond to be mandatorily redeemed on such redemption date shall be reduced by the principal amount of such Term Bond which, by the 45th day prior to such redemption date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the County to the Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

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 2016 Bond to be redeemed in whole or in part at the address shown on the books of registration kept by the Registrar. When Series 2016 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 Minneapolis, Minnesota, 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 Minneapolis, Minnesota, 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 REGISTERED OWNER of this Bond shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

THE COUNTY 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; and 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.

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 County Judge, countersigned with the manual or facsimile signature of the County Clerk, registered by the manual or facsimile signature of the County Treasurer, and the official seal of the County has been duly impressed, or placed in facsimile, on this Bond.

_____
County Judge

COUNTERSIGNED:

REGISTERED:

_____
County Clerk

_____
County Treasurer

(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 _____.

(SEAL)

_____
Comptroller of Public Accounts of the State of Texas

(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:_____ _____

Signature Guaranteed:

_____ _____

_____ _____

Registered Owner

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program ("STAMP") or similar program.

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

FORT BEND COUNTY, TEXAS

$64,440,000
SENIOR LIEN TOLL ROAD REVENUE BONDS
SERIES 2016

BOND PURCHASE AGREEMENT

January 12, 2016

Fort Bend County, Texas
c/o Fort Bend County Commissioners Court
301 Jackson Street
Richmond, Texas 77469

Ladies and Gentlemen:

The undersigned, Raymond James & Associates, Inc. (the "*Representative*"), acting on its own behalf and on behalf of the other underwriters listed on **Schedule I** hereto (collectively, the "*Underwriters*"), and not acting as a fiduciary or agent for Fort Bend County, Texas (the "*Issuer*"), offers to enter into this Bond Purchase Agreement (this "*Agreement*") with the Issuer with respect to its $64,440,000 Fort Bend County, Texas Senior Lien Toll Road Revenue Bonds, Series 2016 (the "*Bonds*"), which, upon acceptance of this offer by the Issuer, shall be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Central Time, on the date set out above, 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. The Underwriters have authorized the Representative to execute this Agreement and act on their behalf with respect to matters described in this Agreement. Terms used herein, unless otherwise defined, have the meanings set forth in the Indenture (as defined herein), except as otherwise indicated herein.

1. **Background and Purpose.**

(a) The Bonds are being issued under and pursuant to Chapters 1201 and 1371, Texas Government Code, and Chapter 284, Texas Transportation Code (collectively, the "*Act*"), an order (the "*Order*") adopted by the Commissioners Court (the "*Governing Body*") of the Issuer on the date hereof, a Senior Lien Toll Road Revenue Bond Trust Indenture dated as of May 15, 2012 (the "*Original Indenture*"), as supplemented and amended by a Third Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated as of February 1, 2016 (the "*Third Supplemental Indenture*" and, together with the Original Indenture, the "*Indenture*"), both between the Issuer and Wells Fargo Bank, N.A., as Trustee.

(b) The Bonds are being issued for the purposes of paying the Costs of the Project and paying the Costs of Issuance for the Bonds.

(c) The Bonds, together with the Issuer's outstanding Toll Road Senior Lien Bonds and any additional senior lien toll road revenue obligations issued or incurred pursuant to the Indenture, are special obligations of the Issuer secured by and payable solely from a first lien on and pledge of the Trust Estate established under the Indenture.

2. **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 Bonds. The Issuer acknowledges 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: (a) the Underwriters have acted at arm's length, are acting solely as principals for their own account and are not agents of or advisors to, and owe no fiduciary duties to, the Issuer or any other person, (b) the Underwriters' duties and obligations to the Issuer shall be limited to those contractual duties and obligations set forth in this Agreement, (c) the Underwriters may have interests that differ from those of the Issuer and (d) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

The Bonds shall be issued in the principal amounts, shall have the maturities, shall be subject to the redemption provisions (if any) and shall bear interest at the interest rates per annum as set forth on Exhibit A hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the Indenture.

The purchase price for the Bonds shall be $74,344,606.25 (representing the $64,440,000 original principal amount of the Bonds, plus an original premium of $10,335,411.85 and less an underwriting discount of $430,805.60).

Delivered to the Issuer herewith is a corporate check of the Representative payable to the order of the Issuer in the amount of one percent of the par amount of the Bonds. Such check is a "Good Faith" check for the Bonds, and such check may be applied toward any obligation of the Underwriters owing as a result of the failure of the Underwriters to accept delivery of the Bonds as provided herein. The Issuer agrees to hold such check uncashed until the Closing (as defined herein) to ensure the performance by the Underwriters of their obligation to purchase, accept delivery of and pay for the Bonds at the Closing. Concurrently with the payment by the Underwriters of the purchase price of the Bonds, the Issuer shall return such check to the Representative. If the Issuer fails to deliver the Bonds at the Closing, or if the Issuer is unable to satisfy the conditions to 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 Representative), or if such obligations of the Underwriters are terminated for any reason permitted by this Agreement, such check shall immediately be returned to the Representative. In the event 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 Issuer shall become entitled to cash or negotiate such check, and the proceeds thereof shall be retained by the Issuer as and for full liquidated

damages for such failure of the Underwriters and for any defaults hereunder on the part of the Underwriters. The Representative hereby agrees not to stop payment on said check, or cause payment on said check to be stopped, unless the Issuer has breached any of the terms of this Agreement.

3. **Public Offering**. The Underwriters agree to make a bona fide public offering of all the Bonds at prices not in excess of the initial offering prices set forth in the Official Statement; provided, however, that the Underwriters may change such initial offering 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 prices 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. On or before Closing, the Representative shall execute an Issue Price Certificate for the Bonds, in the form prepared by Bracewell & Giuliani LLP ("*Bond Counsel*") and acceptable to the Representative verifying the initial offering prices to the public.

4. **The Official Statement.**

(a) The Issuer previously has delivered or caused to be delivered copies of the Preliminary Official Statement dated December 29, 2015, relating to the Bonds (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 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) a final official statement 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 with only such changes as have been approved in advance by the Representative and (4) in both a "designated electronic format" consistent with the requirements of Rule G-32 and in a printed format. Such final Official Statement, including the cover page thereto, all exhibits, schedules, 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 format, as described above) as the Representative reasonably deems 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 hereby represents and warrants that the Preliminary Official Statement was "deemed final" by the Issuer as of its date for purposes of the Rule, except for the omission of such information that is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of the Rule.

(c) The Issuer represents that it has reviewed and approved the information in the Official Statement and the Issuer hereby authorizes the distribution and use of 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 seven (7) business days after the Issuer's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement (i) in a "designated electronic format" consistent with the requirements of Rule G-32 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) ninety (90) days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than twenty-five (25) days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event that 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, in light of the circumstances under which they were made, 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), a reasonable number of 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, in light of the circumstances under which they were made, 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 in 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 or with respect to the information provided by the Underwriters and contained in "OTHER INFORMATION – Underwriting" of the Preliminary Official Statement and the Official Statement. 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 reasonably deem 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 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 agrees to timely file the Official Statement with the MSRB through its Electronic Municipal Market Access ("*EMMA*") system on or before the date of the Closing. 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.

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

(a) The Issuer is duly created, organized and existing as a body politic and corporate and political subdivision of the State of Texas (the "*State*") under the Constitution and laws of the State. The Issuer is authorized to (i) issue the Bonds; (ii) fund the Debt Service Reserve Fund Requirement for the Bonds; (iii) pay the costs of issuance related thereto; and (iv) secure the Bonds in the manner described in the Order and the Indenture.

(b) The Issuer has full legal right, power and authority, and at the date of the Closing will have full legal right, power and authority to: (i) enter into, execute and deliver this Agreement and the Indenture (which contains the Undertaking defined in Section 7(h)(4) hereof), and all documents required hereunder and thereunder to be executed and delivered by the Issuer, and adopt the Order (this Agreement, the Order, the Indenture and the Undertaking are hereinafter referred to as the "*Issuer Documents*"); (ii) sell, issue and deliver the Bonds to the Underwriters as provided herein; and (iii) carry out and consummate the transactions described in the Issuer Documents and the Official Statement, and the Issuer has complied, and at the Closing will be in compliance in all respects, with the terms of the Act and the Issuer Documents as they pertain to such transaction.

(c) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized (i) the adoption of the Order and the issuance and sale of the Bonds on the terms set forth herein and in the Indenture; (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 approval, execution, distribution and use of 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.

(d) This Agreement, when duly executed and delivered by the Representative, 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 or by general principles of equity that permit the exercise of

discretion; the other Issuer Documents, when duly executed and delivered by the other parties thereto, will constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective 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 or by general principles of equity that permit the exercise of discretion; the Bonds, when issued, delivered and paid for, in accordance with the Indenture and this Agreement, will constitute legal, valid and binding special obligations of the Issuer entitled to the benefits of the Indenture and enforceable in accordance with their 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 or by general principles of equity that permit the exercise of discretion; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Indenture will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Indenture.

(e) To its knowledge, 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 the Issuer Documents or other instrument to which the Issuer is a party relating to the Revenues pledged to the payment of the Bonds, and no event that would have a material and adverse effect upon the collection of Revenues has occurred and is continuing that 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 Order 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 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 is or to which the Revenues 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 the Revenues, except as provided by the Bonds and the Indenture.

(f) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters that are required for the due authorization, 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 or will be obtained prior to the Closing, except for the approval of the Bonds by the Attorney General of the State of Texas and the registration of the Bonds by the Comptroller of Public Accounts of the State of Texas. The Issuer makes no representation or warranty as to any state securities laws or Blue Sky law except that the Issuer will cooperate with the Underwriters at their written request and expense as set forth in paragraph (m) of this Section 5.

(g) The Bonds and the Indenture conform to the descriptions thereof contained in the Official Statement under the captions "THE BONDS," "SECURITY AND SOURCE OF PAYMENT" and "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE"; 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 Undertaking conforms to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION."

(h) 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, the collection of the Revenues pledged to the payment of principal of and interest on the Bonds pursuant to the Indenture; (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 Order or the execution and delivery of the Issuer Documents, nor, to the knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents.

(i) As of the date thereof, the Preliminary Official Statement did 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.

(j) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 4 of this Agreement) at all times subsequent thereto during the period up to and including the twenty-fifth (25th) day subsequent to the "end of the underwriting period," the Official Statement does not and 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.

(k) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 4 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 twenty-fifth (25th) day subsequent to the "end of the underwriting period," the Official Statement as so supplemented or amended 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, in light of the circumstances under which they were made, not misleading.

(l) 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 Indenture.

(m) 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, at no expense to the Issuer, (i) to (A) 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 Underwriters may designate and (B) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (ii) 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.

(n) The financial statements of, and other financial information regarding, the Issuer and the Authority in the Official Statement fairly present the financial position and results of the Issuer and the Authority as of the dates and for the periods therein set forth, and there has been no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer or the Authority since the dates of such information.

(o) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or take any action to incur any material liabilities (except in the ordinary course of business), direct or contingent, payable from or secured by the Trust Estate without the prior approval of the Representative, such approval not to be unreasonably withheld.

(p) 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.

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

(r) 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 sole purpose of obtaining a rating for the Bonds.

(s) On or prior to the date hereof, the Issuer has delivered to the Representative a certificate stating that it has received a properly completed, executed and notarized Texas Ethics Commission Form 1295 ("Form 1295") from each of the Underwriters, Trustee, Bond Counsel and Disclosure Counsel and, if the Issuer has not done so as of the date hereof, covenants to timely acknowledge receipt of such Form 1295's with the Texas Ethics Commission.

Additionally, the Issuer will certify that it has received and timely acknowledged receipt of such Form 1295's in its General Certificate submitted to the Attorney General of Texas in connection with his approval of the Obligations.

6. **Closing**. At 10:00 a.m., Central time, on February 9, 2016, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative, the Issuer, subject to the terms and conditions hereof, will deliver to the Representative the initial Bonds 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 Representative, subject to the terms and conditions hereof, will accept such delivery and pay the purchase price of the Bonds, as set forth in Section 2 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 Trustee, or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

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 Indenture, 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.

7. **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, 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 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 Order, the Indenture and the Bonds shall have been duly executed, delivered and authenticated, as applicable, and shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement

shall have been duly delivered and shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; (ii) the net proceeds of the sale of the Bonds and any funds to be provided by the Issuer shall be deposited and applied as described in the Official Statement and in the Indenture; and (iii) all actions of the Issuer required to be taken by the Issuer at or prior to the Closing shall be performed in order for Bond Counsel, Special Disclosure Counsel to the Issuer and Co-Counsel to the Underwriters to deliver their respective opinions referred to hereafter.

(d) At the time of the Closing, all official actions 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 agreed to by the Representative.

(e) At or prior to the Closing, the Order and the Indenture shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered and the Authenticating Agent shall have duly authenticated the definitive Bonds.

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

(g) 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, Special Disclosure Counsel to the Issuer and Co-Counsel to the Underwriters.

(h) 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;

(2) The Order, having been duly adopted by the Issuer and being in full force and effect, and with such supplements or amendments as may have been agreed to by the Representative;

(3) The Indenture, having been duly executed by the Issuer and being in full force and effect, with such supplements or amendments as may have been agreed to by the Representative;

(4) The continuing disclosure undertaking (the "*Undertaking*") of the Issuer satisfying the requirements of section (b)(5)(i) of the Rule, which Undertaking is included in the Third Supplemental Indenture;

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

(6) The approving opinion of Bond Counsel with 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 Bonds are exempted securities under 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 Order or the Indenture under the Trust Indenture Act; and

(ii) the information relating to the Bonds and the Indenture contained in the Official Statement appearing under the captions or subcaptions "THE BONDS" (exclusive of the subcaptions "Book-Entry-Only System," and "Enforceability of Remedies"), "SECURITY AND SOURCE OF PAYMENT," "CONTINUING DISCLOSURE OF INFORMATION" and "OTHER INFORMATION – Legal Matters" (except for the third and fourth paragraphs of such subheading), and in "APPENDIX C – GLOSSARY OF TERMS" and "APPENDIX D – SUMMARY OF CERTAIN PROVISION OF THE MASTER INDENTURE" is a fair and accurate summary of the information purported to be shown therein, and the information under the captions "TAX MATTERS" and "OTHER INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas" is correct as to matters of law and fairly and accurately presents the information therein;

(8) An opinion of Andrews Kurth LLP, Special Disclosure Counsel to the Issuer, dated as of the date of the Closing, and addressed to the Issuer, in a form acceptable to the Issuer;

(9) An opinion of The Muller Law Group, PLLC, General Counsel to the Issuer, dated as of the date of the Closing, and addressed to the Issuer, in a form acceptable to the Issuer;

(10) An opinion of the County Attorney of Fort Bend County, Texas, dated as of the date of the Closing, and addressed to the Issuer, in a form acceptable to the Issuer;

(11) An opinion of Haynes and Boone, LLP and Levi Benton and Associates PLLC, Co-Counsel to the Underwriters, dated as of the date of the Closing, and addressed to the Underwriters, in a form acceptable to the Representative;

(12) A certificate, dated the date of Closing, signed by an authorized official of the Issuer to the effect that (i) the Issuer has duly performed all of its obligations to be performed and satisfied all conditions on its part to be satisfied at or prior to the Closing and each of the representations and warranties of the Issuer contained herein is true and correct at and as of the Closing, with the same effect as if made on the date of Closing; (ii) the Issuer has authorized, by all necessary action, the execution and delivery or

receipt and due performance of the Bonds, the Issuer Documents, the Official Statement and any and all such other agreements and documents as may be required to be executed and delivered or received by the Issuer in order to carry out, give effect to and consummate the transactions described in this Agreement and the Official Statement, and the Governing Body of the Issuer has authorized, by all necessary action, the adoption of the Order; (iii) except as described in the Official Statement, no litigation is pending or, to the best of the Issuer's knowledge and belief, threatened in any court or before any governmental agency or administrative entity or authority in any way affecting the existence of the Issuer or the titles of the members of the Governing Body of the Issuer or any other officials of the Issuer to their respective positions or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or the collection of Revenues of the Issuer pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way affecting or contesting any authority for or the validity or enforceability of the Bonds or the Issuer Documents or the existence or powers of the Issuer, or contesting in any way the completeness or accuracy of the Official Statement; (iv) the adoption of the Order by the Governing Body of the Issuer and the execution and delivery of the Bonds, the Issuer Documents and the Official Statement, and the compliance by the Issuer with the provisions hereof and thereof, will not conflict with, or constitute on the part of the Issuer a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the Issuer is subject or by which the Issuer or any of the Revenues are subject; (v) the Order has not been amended, modified or repealed and is in full force and effect; (vi) the information set forth in the Official Statement is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (vii) to the best of his or her 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 purposes 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 they were made, not misleading in any material respect;

(13) A certificate of an authorized officer of the Issuer in form and substance satisfactory to Bond Counsel (a) 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 Sections 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, and (b) certifying that to the best of the knowledge and belief of the Issuer there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(14) Evidence in a form acceptable to the Representative that Moody's Investors Service, Inc. and Fitch Ratings, Inc. have assigned ratings of "A2" and "A+,"

respectively, to the Bonds, and that such ratings are in effect as of the date of Closing; and

(15) Such additional legal opinions, certificates, instruments and other documents as the Representative, Bond Counsel, Special Disclosure Counsel to the Issuer or Co-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.

The Underwriters acknowledge receipt of copies of the Third Supplemental Indenture, and have reviewed the Undertaking set forth therein.

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 with regard to the respective obligations of the Issuer and the Underwriters set forth in Sections 9 and 11 hereof shall continue in full force and effect.

8. **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, in the reasonable judgment of the Representative, the market price or marketability of the Bonds shall be materially adversely affected by the occurrence of any of the following events (each a "*Termination Event*"):

(a) 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, a general banking moratorium declared by federal, State of New York or State of Texas officials authorized to do so;

(b) 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, which change shall occur subsequent to the date hereof and shall not be due to the malfeasance, misfeasance or nonfeasance of the Underwriters;

(c) any event occurring, or information (other than information set forth in the Official Statement under "OTHER INFORMATION – Underwriting") 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 a 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, in either such event, 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;

(d) there shall have occurred since the date of this Agreement any materially adverse change in the affairs of the Issuer or the Revenues, except for changes that the Official Statement discloses are expected to occur;

(e) there shall have occurred any (i) new material outbreak of hostilities (including, without limitation, an act of terrorism), (ii) new other material national or international calamity or crisis or (iii) any material adverse change in the financial or economic conditions, in each case affecting the United States, including but not limited to, an escalation of hostilities that existed prior to the date hereof, and the effect of any such event on the financial markets of the United States shall, in the reasonable judgment of the Representative, materially adversely affect the marketability of the Bonds;

(f) there shall have occurred any downgrading, suspension, withdrawal or published negative change in credit watch status or similar published information from a rating agency that at the date of this Agreement has published a rating (or has been asked by the Issuer to furnish a rating) on the Bonds or on any of the Issuer's debt obligations that are secured by a pledge of the Trust Estate on a parity with the Bonds, which action reflects a downgrade or possible downgrade, in the ratings accorded any such obligations of the Issuer (including any rating to be accorded the Bonds);

(g) 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 and such prohibition shall occur subsequent to the date hereof and is not the result of the malfeasance, misfeasance or nonfeasance of the Underwriters;

(h) 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), 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 having jurisdiction of the subject matter 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 event shall have transpired that may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of ownership of the Bonds described herein;

(i) legislation introduced in or enacted (or resolution passed) by the Congress of the United States or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), no-action letter 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 as described herein or by the Official Statement, are not exempt from registration under or other requirements of the federal securities laws, including the 1933 Act, or that the Order and/or the Indenture 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, is or would be in violation of any federal securities laws, including the 1933 Act, the Securities Exchange Act of 1934 and the Trust Indenture Act, as amended and then in effect;

(j) 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; or

(k) 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 collection of the Revenues to pay principal of and interest on the Bonds.

With respect to the conditions described in subsections (b), (g) and (j) above, the Underwriters are not aware of any current, pending or proposed law or government inquiry or investigation as of the date of the execution of this Agreement that would permit the Underwriters to invoke their termination rights hereunder.

Upon the occurrence of a Termination Event and the subsequent termination of this Agreement by the Underwriters, all obligations of the Issuer and the Underwriters under this Agreement shall terminate, without further liability, except that the Issuer and the Underwriters shall pay their respective expenses as set forth in Section 9 hereof.

9. **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 preparing and printing the Bonds; (ii) the costs of obtaining credit ratings; (iii) the fees and disbursements of Bond Counsel, Special Disclosure Counsel to the Issuer and the Financial Advisor to the Issuer; (iv) the fees and disbursements of any other

engineers, accountants, and other experts, consultants or advisers retained by the Issuer; (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 officials 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 that are incident to the transaction described in this Agreement. The Issuer acknowledges that the Underwriters will pay from the Underwriters' expense allocation of the underwriting discount certain expenses incurred by the Underwriters that are incidental to implementing this Agreement and the issuance of the Bonds, including, but not limited to, the applicable per bond assessment charged by the Municipal Advisory Council of Texas, meals, transportation and lodging, if any, and any other miscellaneous closing costs. An employee of the Representative serves on the Board of the Municipal Advisory Council of Texas.

(b) The Underwriters shall pay (i) the cost of preparing and printing 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 them in connection with the public offering of the Bonds, including the fees and disbursements of Co-Counsel to the Underwriters.

10. **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 Fort Bend County, Texas, 301 Jackson Street, Richmond, Texas 77469, Attention: Ed Sturdivant, 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 Raymond James & Associates, Inc., 5847 San Felipe, Suite 4125, Houston, Texas 77057, Attention: Deborah S. Jones.

11. **Parties in Interest**. This Agreement as heretofore specified shall constitute the entire agreement between us 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 or the Representative. 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.

12. **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.

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

14. **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.

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

16. **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.

17. **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.

18. **No Personal Liability.** None of the members of the Governing Body, 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 execution, or because of any breach or attempted or alleged breach, of this Agreement.

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 the Issuer agrees 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 the Issuer 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,

RAYMOND JAMES & ASSOCIATES, INC.,
as Representative of the Underwriters

By: _____

Name: Deborah S. Jones

Title: Managing Director

APPROVED AND ACCEPTED AS OF THE DATE HEREOF at 1:20 p.m.:

FORT BEND COUNTY, TEXAS

By: _____

Name: Robert Hebert

Title: County Judge

SCHEDULE I

UNDERWRITERS

Raymond James & Associates, Inc.
Mesirow Financial, Inc.
Siebert Brandford Shank & Co., L.L.C.

EXHIBIT A

$64,440,000
Fort Bend County, Texas
Senior Lien Toll Road Revenue Bonds
Series 2016

Dated Date: February 1, 2016
(Interest to accrue from Date of Delivery)

Maturity Schedule

Maturity (March 1)	Principal Amount	Interest Rate	Initial Yield*
2019	$ 250,000	2.000%	1.070%
2020	500,000	2.000	1.240
2021	750,000	2.000	1.380
2022	1,000,000	5.000	1.530
2023	1,250,000	5.000	1.730
2024	1,285,000	5.000	1.930
2025	1,605,000	5.000	2.090
2026	1,685,000	5.000	2.230
2027	1,775,000	5.000	2.360
2028	1,875,000	5.000	2.440
2029	1,985,000	5.000	2.540
2030	2,060,000	5.000	2.600
2031	2,210,000	5.000	2.680
2032	2,340,000	5.000	2.770
2033	2,455,000	5.000	2.820
2034	2,585,000	5.000	2.900
2035	2,715,000	5.000	2.950
2036	2,855,000	5.000	3.000

$16,620,000 Term Bond due March 1, 2041; Rate 5.000%; Yield* 3.190%
$16,640,000 Term Bond due March 1, 2045; Rate 5.000%; Yield* 3.240%

*Yield shown is yield to first call date, March 1, 2025.

REDEMPTION PROVISIONS

OPTIONAL REDEMPTION . . . The Bonds maturing on or after March 1, 2026 are subject to redemption, at the option of the Issuer, on March 1, 2025 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

MANDATORY REDEMPTION . . . The Bonds maturing on March 1, in each of the years 2041 and 2045 (together, 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 2041

Redemption Date	Principal Amount
03/01/2037	$ 3,000,000
03/01/2038	3,155,000
03/01/2039	3,315,000
03/01/2040	3,485,000
03/01/2041 (maturity)	3,665,000

TERM BONDS MATURING IN THE YEAR 2045

Redemption Date	Principal Amount
03/01/2042	$ 3,855,000
03/01/2043	4,050,000
03/01/2044	4,260,000
03/01/2045 (maturity)	4,475,000

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 DECEMBER 29, 2015

Ratings:
Moody's: "A2"
Fitch: "A+"
(See "OTHER INFORMATION—Ratings" herein)

NEW ISSUE - Book-Entry-Only

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND THE BONDS ARE NOT "PRIVATE ACTIVITY BONDS." SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL, INCLUDING A DESCRIPTION OF ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS.

$66,000,000*
FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016

Interest Accrual Date: Date of Delivery **Due: March 1, as shown on inside cover**

The Bonds . . . The $66,000,000* Fort Bend County, Texas Senior Lien Toll Road Revenue Bonds, Series 2016 (the "Bonds"), are being issued by Fort Bend County, Texas (the "County") pursuant to the Constitution and general laws of the State of Texas, including Chapter 284, Texas Transportation Code, Chapters 1201 and 1371, Texas Government Code, an order adopted by the Commissioners Court of the County, a Senior Lien Toll Road Revenue Bond Trust Indenture dated as of May 15, 2012 (the "Master Indenture"), between the County and Wells Fargo Bank, N.A., as trustee (the "Trustee"), as supplemented and amended to date, and a Third Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated as of February 1, 2016, between the County and the Trustee (the "Third Supplemental Indenture" and, together with the Master Indenture, the "Indenture").

Interest on the Bonds will accrue from their Date of Delivery, and will be payable on March 1 and September 1 of each year, commencing September 1, 2016. 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, together with the County's previously issued and outstanding senior lien toll road revenue bonds and any additional senior lien toll road revenue obligations issued or incurred pursuant to the Indenture, are special obligations of the County secured by and payable solely from a first lien on and pledge of the Trust Estate (as defined herein) established under the Indenture. The Trust Estate includes, among other moneys, funds and accounts, all of the County's right, title and interest in and to the Revenues (as defined herein), which Revenues generally include all amounts derived from the ownership and operation of the Project (as defined herein), all as more fully described herein.. **The Bonds do not constitute an indebtedness of the County, the State of Texas, or any political subdivision thereof within the meaning of any constitutional or statutory limitation on indebtedness, but are payable solely from and secured by a first lien upon the Trust Estate. No owner of the Bonds shall ever have the right to demand payment of the Bonds or any interest or premium thereon from any funds raised or to be raised by taxation**. 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, including right-of-way costs and environmental and engineering costs, for additional Project Segments (as defined herein) of the Westpark Tollway, and (ii) 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 are subject to optional redemption by the County 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 County 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 Bracewell & Giuliani LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed on for the Underwriters by Haynes and Boone, LLP, Houston, Texas, and Levi Benton & Associates PLLC, Houston, Texas, Co-Counsel for the Underwriters. Certain legal matters will be passed upon for the County by Roy L. Cordes, Jr., County Attorney, Fort Bend County, Texas and by Andrews Kurth, LLP, Houston, Texas, Special Disclosure Counsel.

Delivery . . . It is expected that the Bonds will be available for delivery through DTC on or about February 9, 2016 ("Date of Delivery").

RAYMOND JAMES

MESIROW FINANCIAL, INC. **SIEBERT BRANDFORD SHANK & CO., L.L.C.**

* Preliminary; subject to change.

MATURITY SCHEDULE

$66,000,000*
FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016

Maturity Date (March 1)	Principal*	Interest Rate	Yield[1]	CUSIP Number[2]
2019	$ 250,000	%	%	
2020	500,000			
2021	750,000			
2022	1,000,000			
2023	1,250,000			
2024	1,345,000			
2025	1,650,000			
2026[3]	1,725,000			
2027[3]	1,820,000			
2028[3]	1,925,000			
2029[3]	2,035,000			
2030[3]	2,115,000			
2031[3]	2,265,000			
2032[3]	2,395,000			
2033[3]	2,520,000			
2034[3]	2,650,000			
2035[3]	2,785,000			
2036[3]	2,925,000			
2037[3]	3,075,000			
2038[3]	3,235,000			
2039[3]	3,400,000			
2040[3]	3,575,000			
2041[3]	3,755,000			
2042[3]	3,950,000			
2043[3]	4,150,000			
2044[3]	4,365,000			
2045[3]	4,590,000			

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

---

* Preliminary; subject to change.

(1) 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.

(2) 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 County nor the Underwriters shall be responsible for the selection or accuracy of the CUSIP numbers set forth herein.

(3) The County 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."

For the purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this document constitutes an Official Statement of the County with respect to the Bonds that has been deemed "final" by the County as of its date except for the omission of no more than the information permitted by subsection (b) (1) of the Rule.

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 purpose.

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 County 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 County, 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 County or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the County's undertaking to provide certain information on a continuing basis.

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 County. 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.

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Bonds have not been registered or qualified under the Securities Act of the State of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The County assumes no responsibility for the registration or qualification for sale or other disposition of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or 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 or qualification provisions.

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.

None of the County, its Financial Advisor, or 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.

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APPENDIX C – GLOSSARY OF TERMS

APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

APPENDIX E – FORM OF OPINION OF BOND COUNSEL

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 Official Statement Summary from the Official Statement or otherwise to use same without the entire Official Statement.

The County	Fort Bend County, Texas (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 Authority	The Fort Bend County Toll Road Authority (the "Authority"), a non-profit local government corporation established and operating pursuant to Chapters 431 and 284, Texas Transportation Code, was established by the County to assist in the construction, maintenance and operation of the toll roads in the County. The County has designated the Authority as the operating board of the Project (defined herein) pursuant to Chapter 284, Texas Transportation Code. See "THE AUTHORITY."
The Bonds	$66,000,000* Fort Bend County, Texas Senior Lien Toll Road Revenue Bonds, Series 2016. The Bonds 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 Date of Delivery (as defined on the front cover page hereof), at the rates per annum set forth on the inside cover page hereof, which interest is payable September 1, 2016 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."
Authority for Issuance	The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, including Chapter 284, Texas Transportation Code, and Chapters 1201 and 1371, Texas Government Code, the Bond Order of the County, and the Indenture (all as defined herein).
Source of Payment for the Bonds	The Bonds, together with the County's outstanding senior lien toll road revenue bonds and any additional senior lien toll road revenue obligations issued or incurred pursuant to the Indenture, are special obligations of the County secured by and payable solely from a first lien on and pledge of the Trust Estate (as defined herein) established under the Indenture. The Trust Estate includes, among other moneys, funds and accounts, all of the County's right, title and interest in and to the Revenues (as defined herein), which Revenues generally include all amounts derived from the ownership and operation of the Project, all as more fully described herein.
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, including right-of-way costs and environmental and engineering costs, for additional Project Segments (as defined herein) of the Westpark Tollway, and (ii) to pay the costs associated with the issuance of the Bonds. See "PLAN OF FINANCING" and "THE PROJECT."
The Project	The Indenture defines the "Project," in part, as consisting of all of the County's right, title and interest in and to (i) the Fort Bend Parkway and the Westpark Tollway (including any improvements, extensions, and betterments thereto as permitted by the Act (as defined herein)), and (ii) such other project or projects, or interest therein, with which the Project may be pooled pursuant to the Act or other applicable law.
Reserve Fund Requirement	The lesser of (i) the maximum annual debt service on such issue of Bonds or Parity Obligations, (ii) one hundred twenty-five percent (125%) of the average annual debt service on such issue of Bonds or Parity Obligations or (iii) ten percent (10%) of the initial principal amount of such issue of Bonds or Parity Obligations (or sale proceeds in the event that the amount of original issue discount exceeds two percent (2%) multiplied by the stated redemption price at maturity of such issue of Bonds or Parity Obligations).

* Preliminary; subject to change.

Toll Covenant	The County has covenanted in the Indenture that it will at all times fix, charge and collect such tolls for use of the Project as will be required each Fiscal Year to produce Revenues which shall equal at least 1.25 times the Aggregate Debt Service on all Toll Road Senior Lien Revenue Bonds, Parity Notes and other Parity Obligations accruing in such Fiscal Year.
Maintenance Tax Covenant	The County has covenanted that so long as the Bonds and any other Toll Road Senior Lien Revenue Bonds or Parity Obligations are Outstanding, it shall in each year levy, assess, and collect an annual maintenance tax on all taxable property within the County fully sufficient in each year (taking into account delinquencies and costs of collection) to produce revenues sufficient to (i) pay as they become due all Project Expenses for which there are insufficient available Revenues or (ii) produce maintenance tax revenues for the Project equal to the amounts budgeted for such purpose in such year by the County, whichever is greater.
Trustee	The Trustee is Wells Fargo Bank, N.A.
Tax Exemption	In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds are not "private activity bonds." See "TAX MATTERS" for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations.
Book-Entry-Only System	The Bonds are initially issuable only to Cede & Co., the nominee of DTC, pursuant to its book-entry-only system. No physical delivery of Bonds will be made to the beneficial owners. See "THE BONDS—Book-Entry-Only System."
Ratings	The Bonds have been assigned ratings of "A2" by Moody's Investors Service, Inc. ("Moody's") and "A+" by Fitch Ratings, Inc. ("Fitch"). See "OTHER INFORMATION—Ratings" herein.
Payment Record	The County has never defaulted in paying the principal of or interest on any of its debt.

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COUNTY OFFICIALS

Elected Officials

Commissioners Court	Position	Length of Service	Term Expires December 31
Robert Hebert	County Judge	13 Years	2018
Richard Morrison	Commissioner - Precinct 1	7 Years	2016
Grady Prestage	Commissioner - Precinct 2	25 Years	2018
Andy Meyers	Commissioner - Precinct 3	19 Years	2016
James Patterson	Commissioner - Precinct 4	17 Years	2018

Other Elected and Appointed Officials

Name	Position	Length of Service to County
Richard Stolleis	County Engineer	3 Years
Ed Sturdivant	County Auditor	12 Years
Jeff Council	County Treasurer	9 Years
Patsy Schultz	Tax Assessor/Collector	11 Years
Roy Cordes, Jr.	County Attorney	10 Years

FORT BEND COUNTY TOLL ROAD AUTHORITY OFFICIALS

Board of Directors

Name	Position	Length of Service	Term Expires January 22
James D. Condrey, DDS	Chairman	17 Years	2016
Bobbie A. Tallas	Vice Chairman	17 Years	2016
Charles Rencher	Secretary	17 Years	2016
William D. Kee	Treasurer/Assistant Vice Chairman	4 Years	2016
Dean Hrbacek	Assistant Secretary	< 1 Year	2016

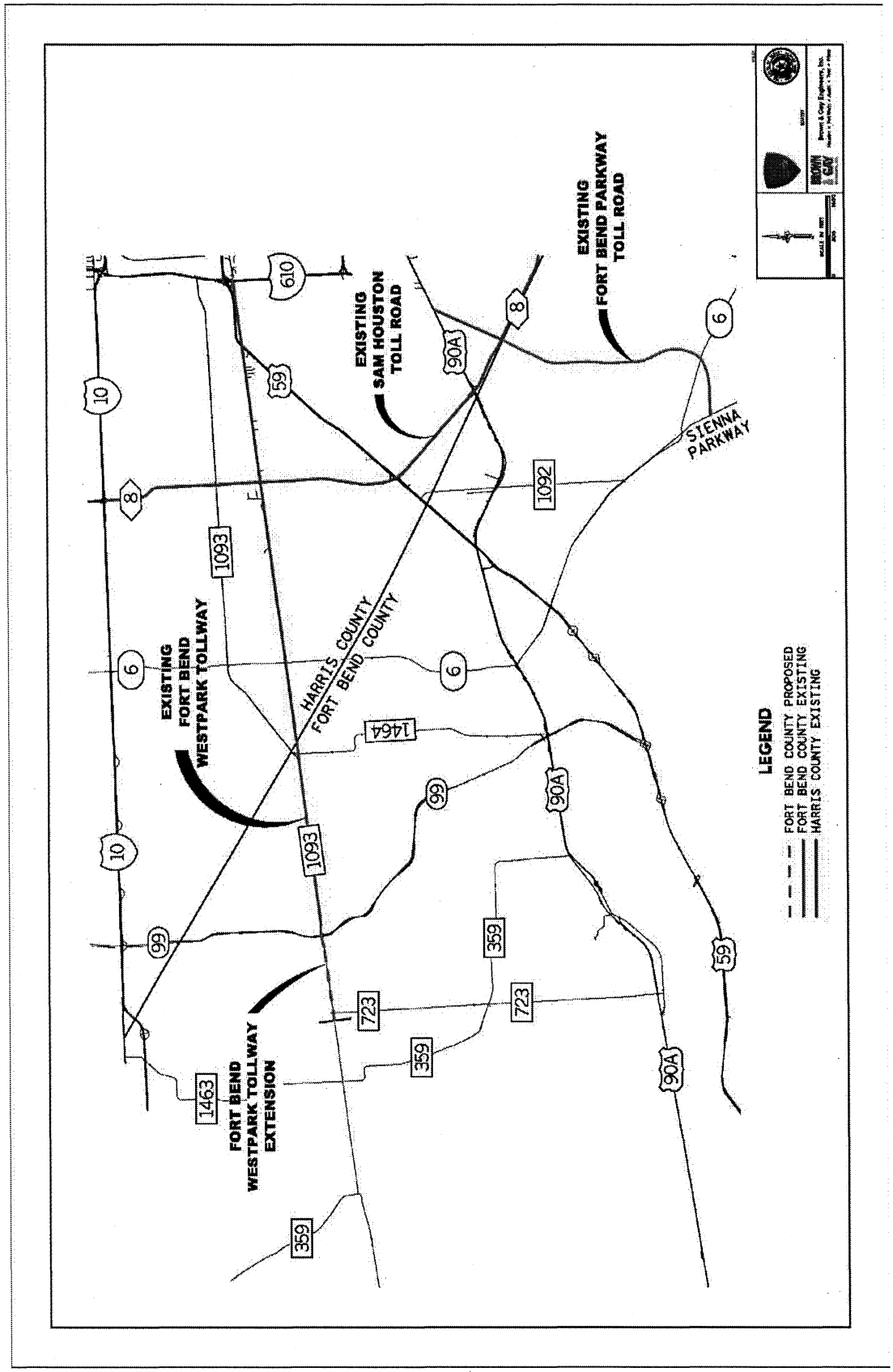
COUNTY CONSULTANTS

Bond Counsel	Bracewell & Giuliani LLP
Special Disclosure Counsel	Andrews Kurth LLP
Financial Advisor	First Southwest Company, LLC

FORT BEND COUNTY TOLL ROAD AUTHORITY CONSULTANTS

General Counsel	The Muller Law Group, PLLC
General Engineering Consultants	Brown & Gay Engineers, Inc.
Operations Consultant	Mike Stone & Associates, Inc.

MAP OF THE PROJECT



PRELIMINARY OFFICIAL STATEMENT

$66,000,000*
FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016

INTRODUCTION

This Official Statement is furnished in connection with the offering by Fort Bend County, Texas (the "County") of its $66,000,000* Fort Bend County, Texas Senior Lien Toll Road Revenue Bonds, Series 2016 (the "Bonds"). The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, including Chapter 284, Texas Transportation Code, Chapters 1201 and 1371, Texas Government Code, an order to be adopted by the Commissioners Court of the County on January 12, 2016 (the "Bond Order"), a Senior Lien Toll Road Revenue Bond Trust Indenture dated as of May 15, 2012 (the "Master Indenture"), between the County and Wells Fargo Bank, N.A., as trustee (the "Trustee"), as amended and supplemented to date, and a Third Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated as of February 1, 2016 (the "Third Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), between the County and the Trustee. All capitalized terms used herein, but not otherwise defined herein, shall have the meanings assigned to them in "APPENDIX C—GLOSSARY OF TERMS" or in the Indenture. A summary of certain provisions of the Master Indenture is included in "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE."

Bonds authorized pursuant to the Indenture, including the Bonds, secured by a first lien on and pledge of the Trust Estate are referred to herein collectively as the "Toll Road Senior Lien Revenue Bonds." The County has previously issued certain Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds (collectively, the "Subordinate Lien Bonds") under a separate indenture, referred to herein as the "2003 Indenture." See "SECURITY AND SOURCE OF PAYMENT—Outstanding Obligations" for the current principal amount of Toll Road Senior Lien Revenue Bonds and Subordinate Lien Bonds.

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

General

The Bonds are being issued for the following purposes: (i) to finance the design, construction, equipment and other miscellaneous costs, including right-of-way costs and environmental and engineering costs, for additional Project Segments of the Westpark Tollway, and (ii) to pay the costs associated with the issuance of the Bonds. The Bonds will finance the construction of an extension of the Westpark Tollway from the Grand Parkway (State Highway 99) to west of FM 723, a distance of 2.628 miles, the right of way acquisition, roadway preparation and drainage and utility relocation to accommodate this segment as well as future segments of the Westpark Tollway from west of FM 723 to west of Cross Creek Ranch Boulevard, a distance of 3.163 miles. See "THE PROJECT."

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* Preliminary; subject to change.

Sources and Uses of Funds

Proceeds from the sale of the Bonds, and other lawfully available funds of the County, are expected to be expended as follows:

Sources:	
Principal Amount of the Bonds	$
Net Premium	
County Contribution	
Total	$
Uses:	
Deposit to Construction Fund	$
Deposit to Debt Service Reserve Fund	
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.

The Bonds will be dated February 1, 2016. Interest on the Bonds will accrue from the Date of Delivery (as defined on the front cover page hereof), and will be payable on March 1 and September 1 of each year, commencing September 1, 2016. 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., the nominee of The Depository Trust Company, New York, New York ("DTC"), 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.

Optional Redemption

The County 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 Trustee shall select the particular Bonds or portions thereof to be redeemed by lot or other random method as the Trustee in its discretion may deem proper.

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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 thirty (30) days prior to each redemption date set forth above for Term Bonds, the Trustee shall (i) determine the principal amount of Term Bonds of the same maturity that must be mandatorily redeemed on such date, after taking into account deliveries for cancellation and optional redemptions of such Term Bonds as more fully provided above, (ii) select by lot or other customary random method the Term Bonds of such maturity (or portions thereof) to be mandatorily redeemed on such date 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 such Term Bond which, by the 45th day prior to such redemption date, either has been purchased in the open market and delivered or tendered to the Trustee for cancellation or redeemed at the option of the County as described above and which, in either case, 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 County, of the redemption of such Bonds, which notice shall contain the information required by the Indenture and shall be given by mail, postage prepaid, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption to each registered owner of Bonds to be redeemed at its address shown on the registration books kept by the Trustee.

In the Third Supplemental Indenture, the County reserves the right to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys or Investment Securities, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (ii) that the County retains the right to rescind such notice at any time prior to the scheduled redemption date if the County delivers a certificate of an Authorized Officer of the County to the Trustee instructing the Trustee to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys or Investment Securities are not so deposited or if the notice is rescinded. The Trustee shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default.

If on the redemption date moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest thereon to the redemption date, shall be held by the Trustee, and if notice of redemption shall have been given as required by the Indenture, then, from and after the redemption date interest on the Bonds or portions thereof so called for redemption shall cease to accrue.

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 DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and its book-entry-only system has been provided by DTC for use in disclosure documents such as this Official Statement. The County and the Financial Advisor believe the source of such information to be reliable, but neither of the County or the Financial Advisor takes any responsibility for the accuracy or completeness thereof.

The County 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 United States Securities and Exchange Commission (the "SEC"), 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 Trustee 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 District 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 County or the Trustee, 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 Trustee, or the County, 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 County or the Trustee, 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 County or the Trustee. 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 County 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 Indenture will be given only to DTC.

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 Indenture summarized under "THE BONDS—Transfer, Exchange and Registration" below.

Transfer, Exchange and Registration

Beneficial ownership of the Bonds registered in the name of Cede & Co. will initially be transferred as described in "THE BONDS – Book-Entry-Only System." In the event the Bonds are no longer held in book-entry form, the following provisions of the Indenture will apply.

Exchange of Bonds. Bonds upon surrender thereof at the principal corporate trust office of the Trustee, when surrendered with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Owner or the registered Owner's duly authorized attorney, may, at the option of the registered Owner thereof, and upon payment by such registered Owner of any charges which the Trustee, any Registrar, any Authenticating Agent or the County may make as provided below, be exchanged for an equal aggregate principal amount of Bonds of the same maturity and in any authorized denomination.

Transfer of Bonds. Bonds shall be transferable only upon the books of the County, which shall be kept for that purpose at the principal corporate trust office of the Trustee or other duly authorized Registrar for the Bonds by the registered Owner thereof in person or by the registered Owner's attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee or Registrar duly executed by the registered Owner or the registered Owner's duly authorized attorney.

The Trustee shall keep, or cause to be kept, on behalf of the County at the corporate trust office of the Trustee, a register or registers, in which, subject to such reasonable regulations as the County, the Trustee, and the Registrar may prescribe, the County shall cause Bonds to be registered and shall transfer Bonds as provided in the Indenture. Upon the transfer of any Bond and payment of any required fees, the County shall issue in the name of the transferee a new, fully registered Bond of the same aggregate principal amount and maturity as the surrendered bond.

The County, the Trustee, any Paying Agent, any Registrar, and any Authenticating Agent 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 the County, the Trustee, Paying Agent, any Registrar, and any Authenticating Agent shall not be affected by any notice to the contrary.

Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging or transferring Bonds is exercised, the County shall execute and the Trustee or the duly authorized Authenticating Agent shall authenticate and deliver Bonds in accordance with the provisions of the Indenture. All registered Bonds surrendered in any exchanges or transfers shall forthwith be cancelled by the Trustee or the duly authorized Authenticating Agent. For every such transfer of Bonds, whether temporary or definitive, the County, the Trustee, any Registrar, or any Authenticating Agent may make a charge sufficient to reimburse it or them for any expense, 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 County, the Trustee, the Registrar, or the Authenticating Agent may make reasonable charges to cover the charges and costs of printing Bonds including any Trustee's or Authenticating Agent's charges in connection therewith. The payment of the such sum or sums 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. The Trustee shall not be required to transfer or exchange Bonds for a period of fifteen (15) days next preceding the selection of Bonds for redemption or to transfer or exchange any Bonds called for redemption.

Trustee

The Trustee shall be Wells Fargo Bank, N.A. At all times while any Bonds are outstanding, the County 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 County reserves the right to remove and appoint a successor Trustee for the Bonds. Promptly upon the appointment of any successor Trustee, the previous Trustee shall deliver the Register and any money or property subject to the terms and conditions set forth in the Indenture to the new Trustee.

Defeasance

The County reserves the right to defease the Bonds in accordance with the terms of the Indenture and in any manner now or hereafter permitted by law. See "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE."

Events of Default and 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 such 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 County 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 County 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; (e) take over the possession, administration and management of all funds and accounts required to be maintained by the County under the Indenture; or (f) 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. See "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE."

Enforceability of Remedies

Although an Owner presumably could obtain a judgment against the County if a default were to occur in the payment of principal of, premium, if any, or interest on any Bond, such judgment could not be satisfied by foreclosure on the Project or by execution against any property of the County. The Owner's only practical remedy, if a default were to occur, would be a mandamus or mandatory injunction proceeding seeking to compel the County to fix, charge, and collect tolls in accordance with the toll covenant (see "SECURITY AND SOURCE OF PAYMENT —Toll Covenant") and to apply Revenues as required in the Indenture in order to pay principal of, premium, if any, and interest on the Bonds as they come due. The Owner could be required to enforce such remedy on a periodic basis because no provision exists for acceleration of maturity of the Bonds.

The enforcement of, or claim for payment of principal of or interest on the Bonds, including the remedy of mandamus, and the validity of the pledge of and lien on Revenues, would be subject to the applicable provisions of the federal bankruptcy laws and to any other laws limiting or otherwise affecting the rights or remedies of creditors of counties of the State or of political subdivisions generally.

Special Rights of Bond Insurers and Credit Providers

The Indenture provides that any Supplemental Indenture may provide that issuers of Parity Credit Agreements guaranteeing the payment of principal of and interest on any Toll Road Senior Lien Revenue Bonds or Parity Notes 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 Toll Road Senior Lien Revenue Bonds or Parity Notes or any installment of interest thereon or any reduction in the principal amount or redemption price thereof or the rate of interest thereon.

THE COUNTY

The County was organized in 1838 and operates 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 Commissioner 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 Fort Bend County, Texas. The 2010 Census population for the County was 585,375, an increase of 65% over the 2000 population of 354,452. The population for the County as estimated by the United States Census Bureau was 685,345 for 2014. The County covers approximately 886 square miles located in the greater Houston metropolitan area. The City of Richmond is the County seat.

THE AUTHORITY

The Fort Bend County Toll Road Authority (the "Authority") was created by order of the County on January 28, 1997 to aid, assist and act on behalf of the County in the performance of its essential governmental purpose to provide county roads and turnpikes and other transportation-related projects. The Authority is a non-profit local government corporation established and operating under Chapter 431, Texas Transportation Code, and Chapter 284, Texas Transportation Code.

The Authority is governed by a five-member Board of Directors, each of whom is appointed by the Commissioners Court. The Authority may exercise, with regard to the County's toll road projects, the same power and authority as may be exercised by the Commissioners Court. Such powers include eminent domain. The County has designated the Authority as the operating board of the County's toll road system pursuant to Chapter 284, Texas Transportation Code. Commissioners Court approves 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 needed services and reimburses the County for a portion of the salaries of two (2) employees who work on Toll Road matters.

The Authority is responsible for managing the operations and maintenance of the Project (as defined in the Master Indenture), which currently consists of the Fort Bend Parkway Toll Road (the "Fort Bend Parkway") and the Fort Bend Westpark Tollway (the "Westpark Tollway"). The "Project" is defined in the Master Indenture as meaning: all of the County's right, title and interest (whether such interest is fee, easement, leasehold, contractual or otherwise) in and to (i) the Fort Bend Parkway and the Westpark Tollway and (ii) such other project or projects, or interest therein, with which the Project may be pooled pursuant to the Act or other applicable law (each of which shall be a "Pooled Project"). The Fort Bend Parkway and the Westpark Tollway include without limitation all of the following which are necessary or useful in connection therewith: causeways, bridges, tunnels, turnpikes, highways, or any combination of such facilities, and all overpasses, underpasses, interchanges, entrance plazas, toll houses, service stations, approaches, fixtures, accessories, equipment, and administration, storage and all other buildings, together with all property rights, easements and interests acquired in connection therewith, and any other improvements, extensions, and betterments as may now be permitted by the Act.

As described in "PLAN OF FINANCING," a portion of the proceeds of the Bonds will be used to finance certain costs of additional Project Segments of the Westpark Tollway. See "THE PROJECT—Westpark Tollway."

THE PROJECT

General

The existing network of free highways, roads and streets in the greater Houston area is extensive. Nevertheless, for a number of years many major thoroughfares in the area have carried traffic well in excess of their design capacities during commuting hours. In an election held on November 7, 2000, the voters of the County approved using toll roads to alleviate a portion of the County's traffic problems by authorizing the County to issue up to $140 million of bonds secured by a pledge of its unlimited ad valorem tax. This authorization primarily relates to the Fort Bend Parkway and the Westpark Tollway, both of which connect directly to the existing toll road system in Harris County. See "MAP OF THE PROJECT" herein. The County has issued the entire amount of bonds authorized to finance the design and construction of the initial phases of the Fort Bend Parkway and the Westpark Tollway, and consequently the County has no authorized but unissued unlimited tax toll road bonds. The initial phase of the Fort Bend Parkway, from Beltway 8 at the Harris County-Fort Bend County line south to State Highway 6, became operational and started collecting tolls on August 30, 2004. In the spring of 2014, the Fort Bend Parkway was extended by approximately 2 miles, from State Highway 6 to Sienna Parkway. The initial phase of the Westpark Tollway from its connection to the Harris County Westpark Tollway at the Harris County-Fort Bend County line westward to the Grand Parkway (State Highway 99) became operational and started collecting tolls on August 10, 2005.

The Master Indenture permits the County to construct an addition to, or expansion or improvement of the existing Project (each a "Project Segment"). In addition, pursuant to the Indenture and the laws of the State of Texas, the County may pool the Project, in whole or in part, with one or more other toll projects and issue additional Toll Road Senior Lien Revenue Bonds, Parity Notes or other Parity Obligations for all such purposes. See "SECURITY AND SOURCE OF PAYMENT." The individual Project Segments to be funded with a portion of the proceeds of the Bonds are described below.

Fort Bend Parkway

The Fort Bend Parkway connects east Fort Bend County to the Harris County toll road system. The Fort Bend Parkway consists of a 4-lane limited access toll road commencing at the intersection of Hillcroft Avenue and Beltway 8 (the "Sam Houston Parkway"), which is located in east Fort Bend County approximately 12 miles from downtown Houston, Texas. The Sam Houston Parkway is a toll road and the second of two concentric roadways or loops around downtown Houston operated by the Harris County Toll Road Authority ("HCTRA"). From this intersection, the Fort Bend Parkway follows a generally southerly course, a distance of approximately 8 miles, to an intersection with Sienna Parkway. See "MAP OF THE PROJECT" herein.

The Fort Bend Parkway connects to several transportation projects under the control of other governmental agencies. HCTRA constructed a northerly extension of the Fort Bend Parkway, including a grade-separated crossing of the Sam Houston Parkway from the Sam Houston Parkway to U.S. 90A. See "MAP OF THE PROJECT" herein. This project affords users of the Fort Bend Parkway access to southwest Houston and Loop 610 (the inner loop around Houston) and the Texas Medical Center. The Authority's extension of the Fort Bend Parkway in the spring of 2014 was the first southerly extension of the Fort Bend Parkway to its ultimate connection with the Grand Parkway in south Fort Bend County. The extension runs from State Highway 6 to the intersection of Sienna Parkway, a distance of approximately 2 miles, and consists of a 4-lane limited access toll road.

The Authority concluded preliminary route studies and identification of environmental issues associated with the extension of the Fort Bend Parkway from Sienna Parkway to the future extension of the Grand Parkway, Segment C. There is no current schedule for the design or construction of such future extension of the Fort Bend Parkway.

Westpark Tollway

The initial phase of the Westpark Tollway connects directly to and extends the Harris County Westpark Tollway by approximately 6 miles. The combined Westpark Tollway became operational in 2005 and provides a major east-west traffic corridor to west Harris County and north Fort Bend County and provides additional access to Loop 610 (the inner loop around Houston) and the Sam Houston Parkway (the current outer loop around Houston). HCTRA constructed the portion of the tollway from Loop 610 to FM 1464 near the Harris–Fort Bend County line (the "Harris County Westpark Tollway"). The Authority constructed the portion of the tollway from the Harris–Fort Bend County line to the Grand Parkway (State Highway 99). This portion of the corridor is open to traffic as an eight-lane facility, with four exterior lanes (2 lanes in each direction) as free service roads and four interior lanes (2 lanes in each direction) subject to limited access and tolls.

The County is designing and will construct additional Project Segments of the Westpark Tollway, including tolled main lanes and non-tolled frontage roads from State Highway 99 to west of Cross Creek Ranch Boulevard, a distance of approximately 6 miles. A portion of the proceeds of the Bonds will be used to finance the extension of the tolled main lanes of this Project Segment from State Highway 99 to west of FM 723, the right-of-way acquisition and utility relocation to accommodate this Project Segment as well as future Project Segments. Further extensions of the Westpark Tollway will be constructed in future phases when financially feasible. The Costs of the Project Segment for the non-tolled frontage roads will be funded from other sources available to the County, including a Financial Assistance Agreement with the Texas Department of Transportation ("TxDOT") dated December 19, 2011. Construction of this extension of the Westpark Tollway is contingent upon the County obtaining additional rights-of-way. Issuance of additional bonds, if any, for additional Project Segments is subject to the requirements contained in the Indenture. See "SECURITY AND SOURCE OF PAYMENT—Additional Toll Road Senior Lien Revenue Bonds and Parity Notes" and "–Subordinate Lien Revenue Bonds and Bonds for Special Toll Road Projects."

Operation and Maintenance of the Project

The operation and maintenance of the Project is the responsibility of the Authority. Tolls on the Project are collected exclusively using an electronic toll collection system. The Authority does not issue toll tags, but the toll collection system is able to read the electronic toll collection devices issued by other toll entities of the state (to-wit: HCTRA, TxDOT and North Texas Turnpike Authority). These electronic transactions are processed to the tag issuer via a state-wide system. The toll entities collect revenue from their respective customers and remit revenue attributable to the Project to the Authority after deducting a processing fee. The Authority currently contracts with TransCore, LP for processing electronic toll transactions for the Project. The Authority contracts with Xerox State & Local Solutions, Inc. to collect tolls and fines from toll violators.

The Authority contracts with several outside vendors to provide roadside maintenance, trash collection and equipment maintenance. In addition, the Authority contracts with Fort Bend County Constable Precincts 2 and 3 to provide law enforcement on the Fort Bend Parkway and the Westpark Tollway.

Table 1 - Traffic Count Table (unaudited)

	Fiscal Year Ending September 30					
	2010	2011	2012	2013	2014	2015
Parkway	7,089,050	7,049,289	7,346,366	7,896,828	8,859,986	14,927,001
Westpark	14,535,380	15,224,942	16,741,990	18,586,669	20,121,013	21,391,903
Total Transactions	21,624,430	22,274,231	24,088,356	26,483,497	28,980,999	36,318,904

Source: The County.

Toll Rate Setting Policy

On September 27, 2011, the Commissioners Court 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 review and adjustment of toll rates, with provisions for rounding tolls to appropriate levels. The annual adjustment factor is determined by the greater of (a) 2%, or (b) the most recently published change in the Consumer Price Index for All Urban Consumers ("CPI-U") Houston-Galveston-Brazoria, as published by the Bureau of Labor Statistics. The policy provides that electronic tolling ("EZ-Tag") rates will be rounded to the nearest nickel. The Toll Policy provides guidelines for future rate increases, which will be systematically implemented. The Toll Policy does not supersede toll rate covenants in existing or future bond documents. In the event a conflict exists, the bond toll covenants will prevail in determining the toll rates used on the Authority's toll facilities. The first automatic rate adjustment took effect on October 1, 2011. The Commissioners Court can repeal, suspend or amend the Toll Policy at any time.

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Table 2 - Toll Rate Schedule

The following table sets forth the toll rate schedule for the Project.

Toll Rate Schedule Effective as of April 28, 2015

Fort Bend Parkway

Fondren Main Lane Plaza

Vehicles	Toll Rate	Non-Tag Transactions	Non-Revenue and Exempt Vehicles
2 axle	$0.60	$0.75	$0.00
3 axle	1.20	1.35	0.00
4 axle	1.80	1.95	0.00
5 axle	2.40	2.55	0.00
6 axle	3.00	3.15	0.00

McHard, Lake Olympia and Sienna Main Lane Plazas

Vehicles	Toll Rate	Non-Tag Transactions	Non-Revenue and Exempt Vehicles
2 axle	$0.40	$0.75	$0.00
3 axle	0.80	1.35	0.00
4 axle	1.20	1.95	0.00
5 axle	2.40	2.55	0.00
6 axle	3.00	3.15	0.00

Westpark Tollway

Peek & Westmoor Main Lane Plazas

Vehicles	Toll Rate	Non-Tag Transactions	Non-Revenue and Exempt Vehicles
2 axle	$0.65	$0.80	$0.00
3 axle	1.30	1.45	0.00
4 axle	1.95	2.10	0.00
5 axle	2.60	2.75	0.00
6 axle	3.25	3.40	0.00

Source: The County.

Fort Bend Grand Parkway

In 2007, during the Regular Session of the 80th Texas Legislature, Senate Bill 792 was signed into law giving counties the option to take over development of the Grand Parkway from TxDOT. Under the law, a county must have begun their 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 would revert back to TxDOT. In September of 2009, the Commissioners Court signed its order assuming responsibility for financing, designing, constructing, operating and tolling the Grand Parkway within Fort Bend County. The Fort Bend Grand Parkway Toll Road Authority ("FBGPTRA") was created by the Commissioners Court as a local government corporation pursuant to Chapter 284, Texas Transportation Code, to aid, assist, and act on behalf of the County in the development of the Grand Parkway in Fort Bend County.

In May of 2011, FBGPTRA executed the "Right of Use" agreement with TxDOT, allowing FBGPTRA to use state highway rights-of-way and to begin construction of the nine new tolled overpasses and eight miles of main-lane development that comprise Segment D of the Grand Parkway. Construction of the first two overpasses began in 2011, and all nine overpasses were opened to traffic in the spring of 2014.

FBGPTRA is a separate legal entity from the Authority, although the board members of both entities are the same. By law and contract among Fort Bend County, TxDOT and the other counties through which the Grand Parkway will be built, the Grand Parkway must 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 Grand Parkway and such revenues are not pledged to the Bonds and are not part of the Trust Estate.**

SECURITY AND SOURCE OF PAYMENT

The Indenture and the Bonds

The Bonds are being issued pursuant to the Indenture. The Indenture establishes, among other things, the flow of funds for Revenues and the conditions for the issuance or incurrence of additional obligations secured by and payable from a lien on and pledge of the Trust Estate. Selected provisions of the Master Indenture are contained in APPENDIX D. For a complete copy of the Indenture, contact the County's Bond Counsel, Bracewell & Giuliani, LLP, Attn: Derrick Mitchell, 711 Louisiana St., Suite 2300, Houston, Texas 77002.

Pledge of the Trust Estate

Pursuant to the Indenture, the Toll Road Senior Lien Revenue Bonds (which includes the Bonds) and the Parity Obligations are secured by a first lien on and pledge of all of the County's right, title, and interest in and to the following (collectively, the "Trust Estate"): (i) all moneys and securities in the Debt Service Fund as provided in the Indenture, (ii) all moneys and securities in the Debt Service Reserve Fund Participant Account of the Debt Service Reserve Fund as provided in the Indenture, (iii) the Revenues as further described below to the extent of Revenues collected, (iv) the proceeds of the Toll Road Senior Lien Revenue Bonds or Parity Notes required to be deposited in the Construction Fund pursuant to the Indenture and to Investment Securities held in the Construction Fund, (v) to the extent permitted by law, the proceeds from the sale of Toll Road Bonds and investments thereof from time to time on deposit in the construction fund required to be maintained pursuant to the 2003 Indenture and (vi) any and all property of every kind and nature which may be assigned, hypothecated, endorsed, pledged, granted, or delivered to or deposited with the Trustee as additional security under the Indenture.

The term "Revenues" is defined in the Indenture to mean all amounts derived from the ownership or operation of the Project (including Project Segments) 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, plus any interest income earned on all funds and accounts established under the Master Indenture and under the 2003 Indenture that is required to be transferred to or maintained in the Revenue Fund, the Debt Service Fund, or the Debt Service Reserve Fund, but specifically excluding interest income attributable to any capitalized interest on the Toll Road Senior Lien Revenue Bonds and Parity Notes. The Bonds and any additional Toll Road Senior Lien Revenue Bonds are secured by and payable solely from the Trust Estate and are not secured by or payable from a mortgage or deed of trust on any real, personal, or mixed properties constituting the Project.

The Bonds are special obligations of the County and do not constitute an indebtedness or general obligation of the County, the State of Texas or any political subdivision thereof within the meaning of any constitutional or statutory limitation of indebtedness, but shall be payable solely from and secured by a first lien upon the Trust Estate. No owner of the Bonds shall ever have the right to demand payment of the Bonds or any interest or premium thereon from any funds raised or to be raised by taxation.

Toll Covenant

Under the Indenture, the County has covenanted that it will at all times fix, charge and collect such tolls for use of the Project as will be required each Fiscal Year to produce Revenues which shall equal at least 1.25 times the Aggregate Debt Service on all Toll Road Senior Lien Revenue Bonds, Parity Notes and other Parity Obligations accruing in such Fiscal Year.

The Indenture requires that, before the beginning of each Fiscal Year, the County must review the financial status of the Project in order to estimate and determine whether Revenues for the current Fiscal Year and for the following Fiscal Year will be sufficient to comply with the toll covenant. In connection with the preparation of the Annual Budget for each Fiscal Year, the County is also required to prepare and file with the Trustee a copy of its estimate of Revenues and Debt Service, together with a statement of pertinent estimates and assumptions, which

must take into consideration the cost of completing any uncompleted portion of the Project and the issuance of future series of Toll Road Senior Lien Revenue Bonds or Parity Obligations, if necessary, to finance the completion of the Project. If the County, in adopting any Annual Budget, determines that Revenues may be inadequate to meet this toll covenant, or if the audited financial reports of the County show that the County did not satisfy such covenant for the prior Fiscal Year, the County promptly must engage Independent Traffic Engineers to make a study and recommend a schedule of tolls that (except as otherwise provided in the following paragraph) will provide sufficient Revenues in the following Fiscal Year to comply with the toll covenant and that will provide additional Revenues in such following Fiscal Year and later years in order to eliminate any deficiency at the earliest practicable time. The County will place the recommended schedule of tolls in effect no later than ninety (90) days after the receipt of the recommendation from such Independent Traffic Engineers.

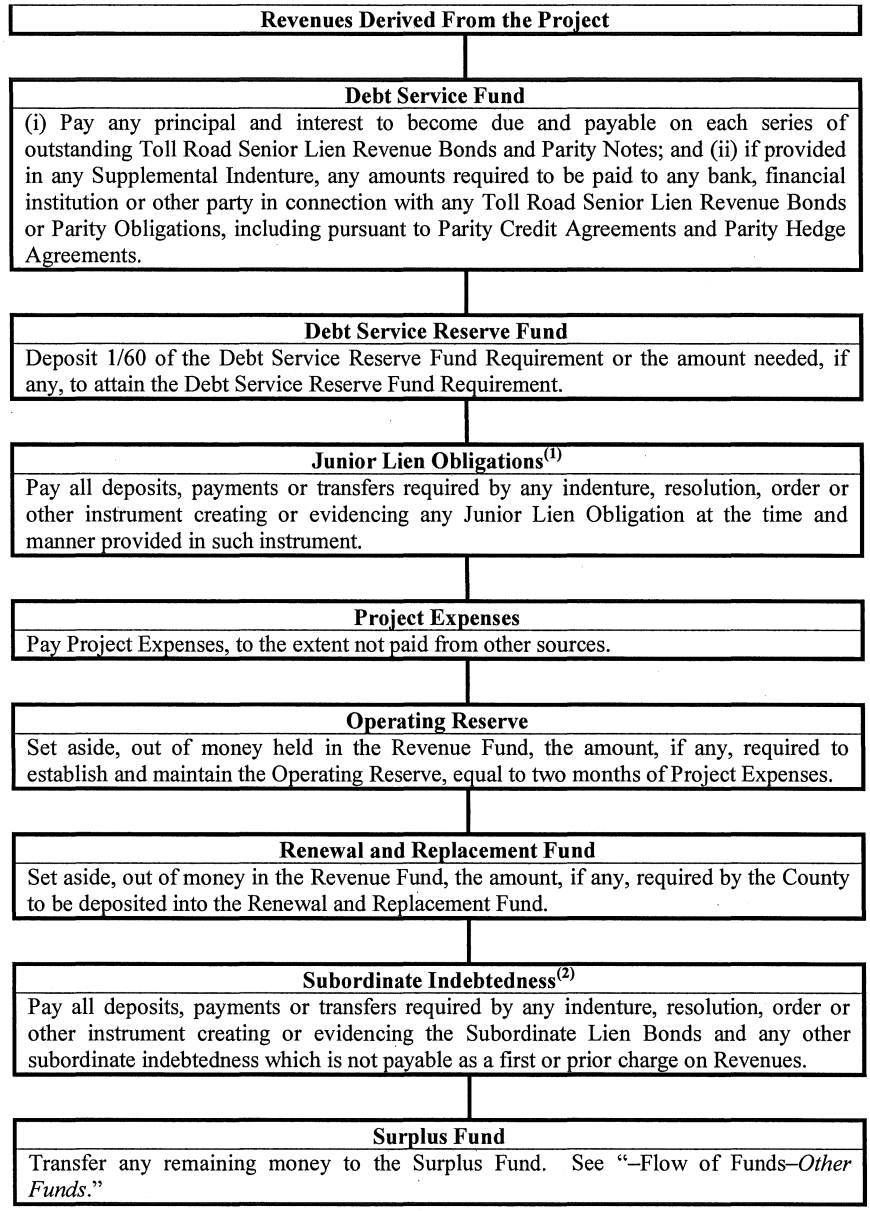
Failure to comply with the toll covenant described above will not constitute an Event of Default if either (i) the County complies with the procedures described in the preceding paragraph or (ii) the County's Traffic Engineers are of the opinion that a toll schedule which will comply with the toll covenant described above is impracticable at that time, and the County therefore cannot comply with the covenant described in the preceding paragraph, and the County establishes a schedule of tolls which is recommended by the County's Traffic Engineers to comply as nearly as practicable with the toll covenant described above.

Maintenance Tax Covenant

So long as any Toll Road Senior Lien Revenue Bonds or Parity Obligations are Outstanding, the County must in each year levy, assess, and collect an annual maintenance tax on all taxable property within the County fully sufficient in each year (taking into account delinquencies and costs of collection) to produce revenues sufficient to (i) pay as they become due all Project Expenses for which there are insufficient available Revenues or (ii) produce maintenance tax revenues for the Project equal to the amounts budgeted for such purpose in such year by the County, whichever is greater. To date, the County has not been required to levy an annual maintenance tax to satisfy such covenant, and the County does not expect to levy such a tax in the foreseeable future. **The proceeds of any such maintenance tax revenues are <u>not</u> part of the Trust Estate and may <u>not</u> be applied to the payment of Debt Service on the Toll Road Senior Lien Revenue Bonds or Parity Obligations.**

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Flow of Funds (Application of Revenues) Under Provisions of the Indenture



(1) To date, the County has not issued any Junior Lien Obligations under the Indenture.
(2) See "—Subordinate Lien Revenue Bonds and Bonds for Special Toll Road Projects."

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Flow of Funds

The Indenture provides for the maintenance of the following funds:

Name of Fund	Held by
Construction Fund	County
Revenue Fund	County
Debt Service Fund	Trustee
Debt Service Reserve Fund	Trustee
Maintenance Tax Fund	County
Renewal & Replacement Fund	County
Surplus Fund	County

The Indenture requires that, except as specifically provided, all Revenues must be deposited into the Revenue Fund, as received. All money at any time in the Revenue Fund must be applied to make transfers to the following funds or to make payments for the following purposes in the following order of priority: (i) into the Debt Service Fund; (ii) into the Debt Service Reserve Fund; (iii) to any funds or accounts established in connection with any Junior Lien Obligations; (iv) for payment or provision for payment of Project Expenses, to the extent not paid from other sources; (v) to maintain the Operating Reserve; (vi) into the Renewal and Replacement Fund; (vii) for payment of subordinate indebtedness, including the Subordinate Lien Bonds; and (viii) into the Surplus Fund. The Debt Service Fund and the Debt Service Reserve Fund are held by the Trustee, while all other Funds and Accounts are held by the County.

Debt Service Fund. The Indenture provides that there must be paid from the Revenue Fund into the Debt Service Fund on or before the last day of each month, amounts which, when added to other amounts in the Debt Service Fund, will provide for the accumulation, in substantially equal monthly installments, of the amounts required to pay the following: (i) any interest to become due and payable on the next Interest Payment Date; (ii) any Principal Installments to become due and payable on or before the next date on which such Principal Installment is payable; and (iii) any amounts required to be paid to any bank, securities dealer, financial institution or other party in connection with the any series of Toll Road Senior Lien Revenue Bonds or Parity Notes for the payment thereof and amounts due under any other Parity Obligation.

Debt Service Reserve Fund. The Indenture further requires the establishment of a Debt Service Reserve Fund for the Toll Road Senior Lien Revenue Bonds and any Parity Obligations, and the maintenance therein, in accordance with the provisions of the Indenture, of amounts equal to the Debt Service Reserve Fund Requirement. Within the Debt Service Reserve Fund, the County shall establish a Debt Service Reserve Fund Participant Account and one or more Debt Service Reserve Fund Non-Participant Accounts. Any series of Toll Road Senior Lien Revenue Bonds shall be designated as a Debt Service Reserve Fund Participant or not. Debt Service Reserve Fund Participants shall have a parity lien on the Debt Service Reserve Fund Participant Account. Any series of Toll Road Senior Lien Revenue Bonds that is not a Debt Service Reserve Fund Participant shall only have a lien on its Debt Service Reserve Fund Non-Participant Account. If the Debt Service Reserve Fund contains less than the aggregate Debt Service Reserve Fund Requirement (as defined in APPENDIX C), on or before the last day of each month, there must be transferred into the Debt Service Reserve Fund, out of the Revenue Fund, an amount equal to 1/60 of the aggregate Debt Service Reserve Fund Requirement or the amount needed to attain the aggregate Debt Service Reserve Fund Requirement, whichever is less, which transfers must continue each month until the Debt Service Reserve Fund contains the aggregate Debt Service Reserve Fund Requirement.

The County may satisfy all or any portion of the Debt Service Reserve Fund Requirement by purchasing a reserve fund surety policy, surety bond, letter of credit or other similar instrument from a financial institution having a long-term credit rating in one of the two highest generic rating categories from at least two nationally recognized rating agencies and having a credit rating or claims paying ability such that it will not cause any nationally recognized rating agency which then has an outstanding rating on any outstanding Toll Road Senior Lien Revenue Bonds or Parity Notes to be withdrawn or lowered.

In addition, the County may purchase Debt Service Reserve Fund Liquidity Facilities that enable the County to sell any investments in the Debt Service Reserve Fund at agreed upon prices at any time the proceeds thereof are required to prevent a default in the payment of Debt Service on any outstanding Toll Road Senior Lien Revenue Bonds or Parity Notes. The purchase of such facility will enable the County to invest a corresponding amount in the Debt Service Reserve Fund in Investment Securities with maturities not exceeding the final maturity

on the outstanding Toll Road Senior Lien Revenue Bonds or Parity Notes and to continuously value such Investment Securities at not less than the purchase price agreed to in such facility.

The Bonds will be, and the Series 2014 Bonds (as defined herein) and Series 2012 Bonds (as defined herein) have been, designated as a Debt Service Reserve Fund Participant and are therefore secured by the Debt Service Reserve Fund Participant Account. The Debt Service Reserve Requirement for the Bonds is $_____, which will be satisfied on the date of issuance thereof with a cash deposit to the Debt Service Reserve Fund Participant Account from other lawfully available funds of the County. The Debt Service Reserve Requirement for the Series 2012 Bonds and Series 2014 Bonds was satisfied with a cash deposit on the respective date of issuance thereof to the Debt Service Reserve Fund Participant Account.

Provision for Junior Lien Obligations. The Indenture permits the establishment of debt service funds, debt service reserve funds and any other funds and accounts required in connection with the issuance of Junior Lien Obligations and the deposit and transfer of Revenues into such funds and accounts after making all required deposits to the Debt Service Fund and Debt Service Reserve Fund but prior to the payment of Project Expenses. To date, the County has not issued any Junior Lien Obligations under the Indenture.

Project Expenses. After the required payments, provisions for payment, deposits and transfers have been made to the Debt Service Fund, Debt Service Reserve Fund, or funds and accounts required for Junior Lien Obligations, as described above, on or before the last day of each month, to the extent not paid from other sources, Project Expenses will be paid from the Revenue Fund. The County has covenanted to levy, assess and collect an annual maintenance tax sufficient to pay as they become due all Project Expenses for which there are insufficient available Revenues. See "—Maintenance Tax Covenant" above.

Other Funds. The Indenture requires the establishment and maintenance of certain other funds. The Operating Reserve, which must be kept in the Revenue Fund, must retain an amount of money equal to two months of Project Expenses, as set out in the County's current Annual Budget for the Project. The County also must maintain a Renewal and Replacement Fund, to be held by the County, which must contain the amount, if any, required by the County from time to time. Money in the Renewal and Replacement Fund may be used for repairs, replacements, extensions, renewals, betterments, improvements, and reconstruction of the Project that are not Project Expenses, and for transfers to the Debt Service Fund and Debt Service Reserve Fund to maintain the required balances in such funds if no other funds are available for such purpose. The Indenture also requires the County to maintain a Surplus Fund, into which moneys will be transferred from the Revenue Fund after all prior transfers and provisions for payment, including provisions for payment of the then Outstanding Subordinate Lien Bonds or other subordinate lien obligations, have been made. Moneys in the Surplus 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 County in connection with the Project, (ii) for transfers to the Debt Service Fund and Debt Service Reserve Fund to maintain the required balances therein if no other funds are available for such purpose, (iii) for the redemption of Toll Road Senior Lien Revenue Bonds, Parity Notes, other Parity Obligations, Junior Lien Obligations or Toll Road Bonds, (iv) to provide for a toll rate stabilization, and (v) to pay capital costs, including without limitation, engineering, land acquisition, and construction for any project on the County's major thoroughfare plan. There is, therefore, no assurance that any surplus Revenues produced in any future period will be retained by the County or be otherwise available to offset any deficit or shortfall in Revenues from operation of the Project in any future periods. See "—Subordinate Lien Revenue Bonds and Bonds for Special Toll Road Projects" below.

In addition, under the terms of the Indenture, and in order to facilitate compliance by the County with the covenants contained therein regarding the exclusion from federal income taxation of the interest on the Bonds, the County reserves the right to request the Trustee to establish rebate accounts with respect to the Bonds to account for the excess arbitrage profits and interest thereon that must be accounted for, or rebated to the United States of America. See "TAX MATTERS."

Outstanding Obligations

After the issuance of the Bonds and the application of the proceeds thereof, the obligations listed below will be outstanding under the Indenture and the 2003 Indenture in the following principal amounts:

	Outstanding Principal Amount
Senior Lien Obligations	
Fort Bend County, Texas, Senior Lien Toll Road Revenue Bonds, Series 2012 (the "Series 2012 Bonds")	$30,775,000
Fort Bend County, Texas, Senior Lien Toll Road Revenue Bonds, Series 2014 (the "Series 2014 Bonds")	$45,000,000
Fort Bend County, Texas, Senior Lien Toll Road Revenue Bonds, Series 2016	$66,000,000*
Total Senior Lien Obligations	$141,077,500*
Junior Lien Obligations	
None	$0
Subordinate Lien Obligations	
Fort Bend County, Texas, Unlimited Tax and Subordinate Lien Toll Road Revenue Refunding Bonds, Series 2012 (the "Series 2012 Subordinate Lien Bonds")	$115,885,000
Total Subordinate Lien Obligations	$115,885,000

* Preliminary; subject to change.

Additional Toll Road Senior Lien Revenue Bonds and Parity Notes

The County reserves the right to issue one or more future series of Toll Road Senior Lien Revenue Bonds or Parity Notes (collectively, "Additional Senior Lien Obligations") under the Indenture in addition to and on parity with the Bonds and the County's previously issued and outstanding Toll Road Senior Lien Revenue Bonds (see "— Outstanding Obligations" above), provided that the following conditions and tests are satisfied:

(i) If such Additional Senior Lien Obligations are being issued to complete a Project Segment, an Independent Consulting Engineer must certify that such series of Additional Senior Lien Obligations is required to be issued to finance Costs of the Project for which there are not funds otherwise available and such Costs of the Project must be incurred in order to complete a Project Segment or to make such improvements, replacements, or major repairs thereto as are essential to the operational and structural integrity and safety thereof;

(ii) In the case of Additional Senior Lien Obligations issued to refund any Toll Road Senior Lien Revenue Bonds, Parity Notes or Debt Service incurred in connection with the Project, the County's Financial Advisor must provide a certificate containing either (a) a calculation showing that the Aggregate Debt Service on all Toll Road Senior Lien Revenue Bonds and Parity Obligations that will be Outstanding after the issuance of such refunding series of Additional Senior Lien Obligations will not increase the Aggregate Debt Service in any year that such Aggregate Debt Service would be scheduled to be payable without the issuance of such refunding series of Additional Senior Lien Obligations; or (b) a statement to the effect that the issuance of such refunding series of Additional Senior Lien Obligations is necessary or is intended to cure or prevent an Event of Default; or (c) a calculation demonstrating that such refunding series of Additional Senior Lien Obligations is necessary to refinance and amortize one or more Principal Installments or scheduled principal maturities which cause Aggregate Debt

Service in the Fiscal Year in which they are payable to exceed the average annual Aggregate Debt Service by more than 20%; or

(iii) For all Additional Senior Lien Obligations for which the requirements of (i) or (ii) above are not met, and as an alternative to those requirements, the following must be provided:

(a) An Accountant must certify that for any 12 consecutive months out of the 24 months preceding the month in which the order is adopted authorizing the issuance of Additional Senior Lien Obligations, the coverage of Aggregate Debt Service for such 12 months on all Toll Road Senior Lien Revenue Bonds and Parity Obligations Outstanding prior to the issuance of the Additional Senior Lien Obligations must either be:

(1) at least 1.25 times Net Revenues during such period, as adjusted for any toll increases placed in effect prior to the date the order is adopted authorizing the issuance of the particular Additional Senior Lien Obligations; or

(2) at least 1.50 times Revenues during such period, as adjusted for any toll increases placed in effect prior to the date the order is adopted authorizing the issuance of the particular Additional Senior Lien Obligations; and

(b) An Independent Traffic Engineer must provide a certificate or report for the five-year period ending with the fifth complete Fiscal Year following the date that the Project Segment to be financed with such series of Additional Senior Lien Obligations is to be placed in service containing estimates for each Fiscal Year during such period by such Independent Traffic Engineer of the Aggregate Debt Service on all Toll Road Senior Lien Revenue Bonds and Parity Obligations Outstanding (including the series of Additional Senior Lien Obligations to be issued and any Additional Senior Lien Obligations estimated to be required by such Independent Traffic Engineer to finance the completion of the Project Segment being financed with such series of Additional Senior Lien Obligations), together with estimates of Revenues or Net Revenues (based upon such assumptions as he will set forth in his certificate or report), and calculating that in each of such five Fiscal Years the estimated Aggregate Debt Service will be covered either:

(1) At least 1.25 times Net Revenues during such period; or

(2) At least 1.50 times Revenues during such period.

(c) In lieu of satisfying the coverage test with respect to future Aggregate Debt Service by providing a certificate or report of an Independent Traffic Engineer as described in paragraph (b) above, the County may alternatively provide an Accountant's certification that for any 12 consecutive months out of the 24 months preceding the month in which the order is adopted authorizing the issuance of such Additional Senior Lien Obligations, either the historical Revenues or historical Net Revenues during such period were sufficient to satisfy the requisite coverage test with respect to the future Aggregate Debt Service on all Toll Road Senior Lien Revenue Bonds and Parity Obligations Outstanding (including the series of Additional Senior Lien Obligations then being issued and any additional series estimated to be required to complete any Project Segment being financed with such series) for the five-year period that would be covered by the certificate or report of such Independent Traffic Engineer.

The County plans to satisfy the additional bonds test with respect to the Bonds by providing an Accountant's Certificate pursuant to paragraphs (iii)(a) and (c) above.

Additional Parity Obligations

In addition to providing for the issuance of and security for Toll Road Senior Lien Revenue Bonds, the Indenture provides that the County may issue or incur, on a parity with Toll Road Senior Lien Revenue Bonds, other "Parity Obligations" including (i) "Parity Notes" (pursuant to commercial paper programs or otherwise), (ii) reimbursement obligations with respect to "Parity Credit Agreements" acquired to enhance the security for any Toll

Road Senior Lien Revenue Bonds or Parity Notes, and (iii) payment obligations pursuant to certain qualifying "Parity Hedge Agreements" (such as swap agreements) with respect to the payment of Debt Service on any Toll Road Senior Lien Revenue Bonds or Parity Notes.

Generally, the issuance or incurrence of such Parity Obligations secured on a parity with Toll Road Senior Lien Revenue Bonds will be subject to the County's compliance with the same tests (including Revenue coverage tests) that must be satisfied in connection with the issuance of additional Toll Road Senior Lien Revenue Bonds, (see "—Additional Toll Road Senior Lien Revenue Bonds and Parity Notes" above) except that (i) for purposes of calculating Debt Service on Parity Obligations, in the case of the issuance of Parity Notes (including commercial paper notes), the principal amount thereof is deemed to be continuously refinanced under a program that will provide for approximately level amortization of debt service over a period of 30 years after the expiration of any period of time for which capitalized interest is provided, (ii) the County may combine payment obligations under Parity Hedge Agreements with interest due on those Toll Road Senior Lien Revenue Bonds or Parity Notes to which such Parity Hedge Agreements relate in order to obtain a combined Debt Service calculation (e.g., synthetic rate), (iii) future payments of interest or interest components that are variable, adjustable or not ascertainable at the time of calculation will be estimated in the same manner currently provided for Toll Road Senior Lien Revenue Bonds in the Indenture (See "APPENDIX C—GLOSSARY OF TERMS" - definition of "Debt Service") and (iv) once Parity Notes are initially authorized, they may be continually refunded and refinanced through the issuance of other Parity Notes or Toll Road Senior Lien Revenue Bonds without having to resatisfy such Revenue coverage tests.

Subordinate Lien Revenue Bonds and Bonds for Special Toll Road Projects

The County has previously issued certain series of Subordinate Lien Bonds secured by a pledge of County taxes and by a lien on Net Revenues that is subordinate to the lien on Revenues of the Toll Road Senior Lien Revenue Bonds and Parity Obligations. See "—Flow of Funds (Application of Revenues) Under Provisions of the Indenture" and "—Outstanding Obligations" above. The total principal amount of Subordinate Lien Bonds currently outstanding is $115,885,000.

In addition to the Additional Senior Lien Obligations and Parity Obligations described above, the County reserves the right to issue, for any lawful purpose, bonds, notes, or other obligations secured, in whole or in part, by liens on the Revenues that are junior to the lien on Revenues securing payment of the Toll Road Senior Lien Revenue Bonds and Parity Obligations. Such bonds, notes, or other obligations may be secured by liens on the Revenues that are senior to the lien on Revenues securing payment of the Subordinate Lien Bonds. See "—Flow of Funds (Application of Revenues) Under Provisions of the Indenture" above. To the extent that surplus Revenues are used to pay the Subordinate Lien Bonds, or for any other authorized purpose, such Revenues will not be available to offset any deficit or shortfall that may occur in Revenues from operation of the Project in any future periods.

The County also reserves the right to issue revenue bonds secured by liens and pledges of revenues and proceeds derived from special toll road projects that are not a part of the Project. A toll road facility will be deemed not to be part of the Project if it is declared by the County not to be part of the Project, the costs of construction, acquisition, and improvement are paid from proceeds of a financing transaction other than the issuance of bonds payable from Revenues of the Project, and all maintenance and operation expenses are payable from sources other than Revenues of the Project, but only to the extent that and for so long as all or any part of the revenues or proceeds of the toll road facility are or will be pledged to secure the payment or repayment of such costs of construction, acquisition, and improvement under such financing transaction.

TOLL ROAD FINANCIAL INFORMATION

Table 3 - Selected Financial Information

The following table sets forth the audited revenues and expenses of the Authority for Fiscal Years 2010 through 2014, and unaudited revenues and expenses of the Authority for eleven months of Fiscal Year 2015 (through August 31, 2015).

	Fiscal Year Ending September 30,					Eleven Months Ended
	2010	2011	2012	2013	2014	8/31/2015[(1)(2)]
Operating Revenues						
Toll revenue	$ 17,185,507	$ 17,694,231	$ 19,325,050	$ 21,853,536	$ 23,724,115	$ 24,427,773
Total Operating Revenues	17,185,507	17,694,231	19,325,050	21,853,536	23,724,115	24,427,773
Operating Expenses						
Salaries and personnel costs	20,020	30,849	31,527	31,549	33,669	139,025
Fees	3,752,419	3,975,987	4,027,097	3,253,537	3,897,378	3,464,336
Utilities	129,679	124,226	127,960	120,737	125,403	128,901
Depreciation	3,962,606	3,986,219	3,870,677	3,870,676	4,166,469	4,090,407
Total Operating Expenses	7,864,724	8,117,281	8,057,261	7,276,499	8,222,919	7,822,669
Operating Income	9,320,783	9,576,950	11,267,789	14,577,037	15,501,196	16,605,104
Non-Operating Revenues						
Earnings on investments	165,305	354,629	523,604	180,323	175,305	250,346
Amortization of bond premiums	142,955	142,955	3,107,603	1,109,451	1,117,852	-
Miscellaneous income	8,175	54,501	1,781	-	2,065	3,281
Total Non-Operating Revenues	316,435	552,085	3,632,988	1,289,774	1,295,222	253,627
Non-Operating Expenses						
Interest on long-term debt	6,753,431	6,720,764	4,705,623	7,652,789	7,552,458	3,865,678
Debt service fees	6,000	6,000	6,000	17,750	14,750	11,000
Amortization of bond discounts	-	-	3,885	11,656	11,656	
Amortization of debt issuance costs	-	-	1,494,267	-	-	518,776
Total Non-Operating Expenses	6,759,431	6,726,764	6,209,775	7,682,195	7,578,864	4,395,454
Net income before contributions	2,877,787	3,402,271	8,691,002	8,184,616	9,217,554	12,463,277
Capital grants and contributions	480,002	-	761,500	-	-	6,108
Operating contribution from Fort Bend Grand Parkway Toll Road Authority	-	518,338	-	-	-	
Change in Net Assets	3,357,789	3,920,609	9,452,502	8,184,616	9,217,554	12,469,385
Total Net Assets, Beginning of Year	38,169,340	41,527,129	45,447,738	54,900,240	63,084,856	72,302,410
Total Net Assets, End of Year	$ 41,527,129	$ 45,447,738	$ 54,900,240	$ 63,084,856	$ 72,302,410	$ 84,771,795

Source: The County.
(1) Unaudited.
(2) Restated.

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Table 4 - Historical Toll Road Operating Results and Coverages

Fiscal Year 9/30	Project Revenues	Other Earnings	Senior Lien Debt Service	Coverage Ratio on Senior Lien Debt Service	O&M Expenses[1]	Revenues Available for Subordinate Lien Debt Service	Subordinate Lien Debt Service	Coverage Ratio on Subordinate Lien Debt Service
2010	$ 17,185,507	$ 653,483	n/a	n/a	$ 3,902,118	$ 13,936,872	$ 6,759,431	2.062 x
2011	17,694,231	927,468	n/a	n/a	4,131,061	14,490,638	8,131,431	1.782 x
2012	19,325,050	1,286,885	$ 287,342	71.733 x	4,186,584	16,138,009	5,134,341	3.143 x
2013	21,853,536	180,323	1,126,700	19.556 x	3,405,823	17,501,336	8,615,726	2.031 x
2014	23,724,115	177,370	1,126,700	21.214 x	4,056,450	18,718,335	8,185,431	2.287 x

Source: The County.
(1) Excludes capital expenditures and depreciation pursuant to certain covenants under the Indenture.

For fiscal year 2014, the Project produced revenues of $23,724,115 and revenues available for subordinate lien debt service of $18,718,335. Subordinate lien debt service was $8,185,335, resulting in coverage of subordinate lien debt service of 2.287 times.

Traffic and Toll Revenue Study

CDM Smith Inc. has prepared a Fort Bend County Toll Road Authority Systemwide Comprehensive Level Traffic & Toll Revenue Study (the "Traffic and Revenue Study") that sets forth the estimated traffic and toll revenue for the Project, including the Westpark Tollway extension to be financed with the proceeds of the Bonds, from 2015 through 2054, assuming an anticipated opening of the Westpark Tollway extension on February 1, 2018. The Traffic and Revenue Study was prepared in October 2015 and supplemented on December 23, 2015. The Traffic and Revenue Study is available through the Electronic Municipal Market Access ("EMMA") system at http://emma.msrb.org/ES746582-ES585355-ES981213.pdf. The revenue forecasts in the Traffic and Revenue Study are based upon certain assumptions described therein, and such study is not a guarantee of any future events or trends.

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Table 5 - Debt Service Requirements

Fiscal Year September 30	Existing Senior Lien Debt Service[1]	The Bonds* Principal	The Bonds* Interest	The Bonds* Total	Outstanding Senior Lien Debt Service [2]	Outstanding Subordinate Lien Debt Service [2]	Total Debt Service
2016	$ 4,485,400		$ 1,788,570	$ 1,788,570	$ 6,273,970	$ 8,839,625	$ 15,113,595
2017	4,551,550		3,187,550	3,187,550	7,739,100	9,346,625	17,085,725
2018	4,614,413		3,187,550	3,187,550	7,801,963	9,921,875	17,723,838
2019	4,673,563	$ 250,000	3,185,050	3,435,050	8,108,613	10,157,625	18,266,238
2020	4,737,700	500,000	3,177,550	3,677,550	8,415,250	10,321,875	18,737,125
2021	4,810,875	750,000	3,161,300	3,911,300	8,722,175	10,333,000	19,055,175
2022	4,878,850	1,000,000	3,135,050	4,135,050	9,013,900	10,339,125	19,353,025
2023	4,896,825	1,250,000	3,101,300	4,351,300	9,248,125	10,320,250	19,568,375
2024	4,895,047	1,345,000	3,055,650	4,400,650	9,295,697	10,354,875	19,650,572
2025	4,897,769	1,650,000	2,995,750	4,645,750	9,543,519	10,332,250	19,875,769
2026	4,889,788	1,725,000	2,919,625	4,644,625	9,534,413	10,342,125	19,876,538
2027	4,881,019	1,820,000	2,831,000	4,651,000	9,532,019	10,347,875	19,879,894
2028	4,876,806	1,925,000	2,737,375	4,662,375	9,539,181	10,339,000	19,878,181
2029	4,874,281	2,035,000	2,638,375	4,673,375	9,547,656	10,329,875	19,877,531
2030	4,872,931	2,115,000	2,534,625	4,649,625	9,522,556	10,357,188	19,879,744
2031	4,870,456	2,265,000	2,425,125	4,690,125	9,560,581	10,317,375	19,877,956
2032	4,861,731	2,395,000	2,308,625	4,703,625	9,565,356	10,311,500	19,876,856
2033	4,861,406	2,520,000	2,185,750	4,705,750	9,567,156		9,567,156
2034	4,854,131	2,650,000	2,056,500	4,706,500	9,560,631		9,560,631
2035	4,849,656	2,785,000	1,920,625	4,705,625	9,555,281		9,555,281
2036	4,842,631	2,925,000	1,777,875	4,702,875	9,545,506		9,545,506
2037	4,844,406	3,075,000	1,627,875	4,702,875	9,547,281		9,547,281
2038	4,834,600	3,235,000	1,470,125	4,705,125	9,539,725		9,539,725
2039	4,832,144	3,400,000	1,304,250	4,704,250	9,536,394		9,536,394
2040	4,827,697	3,575,000	1,129,875	4,704,875	9,532,572		9,532,572
2041		3,755,000	946,625	4,701,625	4,701,625		4,701,625
2042		3,950,000	754,000	4,704,000	4,704,000		4,704,000
2043		4,150,000	551,500	4,701,500	4,701,500		4,701,500
2044		4,365,000	338,625	4,703,625	4,703,625		4,703,625
2045		4,590,000	114,750	4,704,750	4,704,750		4,704,750
Total	$ 120,315,675	$ 66,000,000	$ 64,548,445	$ 130,548,445	$ 250,864,120	$ 172,612,063	$ 423,476,182

* Preliminary, subject to change.
(1) See "SECURITY AND SOURCE OF PAYMENT--Outstanding Obligations."
(2) See "SECURITY AND SOURCE OF PAYMENT--Outstanding Obligations."

Investments

The County invests its 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.

A political subdivision such as the County may enter into 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 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 include a list of authorized investments for County funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. 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 6 - Current Investments

As of September 30, 2015, the Authority's investable funds attributable to the Authority were invested in the following categories:

Description	Book Value	Market Value	Percent of Total
Demand Deposits	$ 76,243,994	$ 76,243,994	95.16%
Investment Pools	292,855	292,855	0.37%
Money Market Funds	3,587,562	3,587,562	4.48%
	$ 80,124,411	$ 80,124,411	100.00%

TAX MATTERS

Tax Exemption

In the opinion of Bracewell & Giuliani LLP, Bond Counsel, under existing law (i) interest on the Bonds is excludable from gross income for federal income tax purposes and (ii) the Bonds are not "private activity bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except as described below in the discussion regarding the adjusted current earnings adjustment for corporations.

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 bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond 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 County has covenanted in the Indenture that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Indenture pertaining to those sections of the Code that 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 County, the County's Financial Advisor and the Underwriters with respect to matters solely within the knowledge of the County, the County's Financial Advisor and the Underwriters, respectively, which Bond Counsel has not independently verified. If the County fails to comply with the covenants in the Indenture or if the foregoing representations are determined to be inaccurate or incomplete,

interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion 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, or REMIC), 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.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds.

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 thereof. 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 as to 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 County as the taxpayer and the Owners 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 regardless of the ultimate outcome of the audit.

Additional Federal Income Tax Considerations

Collateral Tax Consequences. 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, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit 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. Prospective purchasers of the Bonds should also be aware that, 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.

Tax Accounting Treatment of Original Issue Premium. The issue price of all or a portion of the Bonds may exceed the stated redemption price payable at maturity of such Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond

premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount. The issue price of all or a portion of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the "Original Issue Discount Bonds"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public 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 in the initial public offering of the Bonds. Generally, 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. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "TAX MATTERS—Tax Exemption" and "TAX MATTERS—Additional Federal Income Tax Considerations—*Collateral Tax Consequences*" and "TAX MATTERS—Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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 Original Issue Discount Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriters have purchased the Bonds for contemporaneous sale to the public and (ii) all of the Original Issue Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the County nor Bond Counsel has made any investigation or offers any comfort 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 accrues 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 date 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 Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and 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 (ii) 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 that are not purchased in the initial offering at the initial offering price may be determined according to rules that 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 Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

CONTINUING DISCLOSURE OF INFORMATION

In the Third Supplemental Indenture, 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 obligated to advance funds to pay the Bonds. 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 Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The County will provide certain updated financial information and operating data, which is customarily prepared by the County and is publicly available, annually to the MSRB. The financial information and operating data which will be provided with respect to the County include all quantitative financial information and operating data of the general type included in this Official Statement under Tables 1 through 5 and in Appendices A and B. The County will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2016. Any financial statements so provided shall be 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 principles, and audited if the County commissions an audit of such statement and the audit is completed within the period during which it must be provided. If the audit of such financial statements is not completed within such period, then the County shall provide unaudited financial information and operating data which is customarily prepared by the County for the applicable fiscal year within six months of the end of the fiscal year, and audited financial statements when and if the audit report becomes available.

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.

Event Notices

The County will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The County will provide notice of any of the following events with respect to the Bonds: (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 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 events affecting the tax-exempt 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 or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the County or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the County 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 (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Indenture makes any provision for credit or liquidity enhancement. In addition, the County will provide timely notice of any failure by the County to provide information, data, or financial statements in accordance with its agreement described above under "—Annual Reports."

Availability of Information from MSRB

The County has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through the EMMA internet portal at www.emma.msrb.org.

Limitations and Amendments

The County has agreed to update information and to provide notices of certain 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 or beneficial owners 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 but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby 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 either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or 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 such agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent an underwriter from lawfully purchasing the Bonds in the initial offering. If the County so amends the agreement, it has agreed to include with any financial information or operating data next 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.

OTHER INFORMATION

Ratings

The Bonds have been assigned a rating of "A2" by Moody's Investors Service, Inc. ("Moody's") and "A+" by Fitch Ratings, Inc. ("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 County 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.

No Litigation

Neither the County nor the Authority is a party to (i) any litigation nor aware of any pending or threatened litigation to restrain or enjoin the issuance or delivery of the Bonds or which would affect the provisions made for their payment or security or in any manner question the validity of the Bonds or (ii) other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the County or the Authority, would have a material adverse effect on the financial condition of the County or the Authority.

Environmental Regulations and Air Quality

Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality ("TCEQ") may impact new industrial, commercial and residential development in Houston and adjacent areas. Under the Clean Air Act Amendments of 1990, the eight-county Houston-Galveston-Brazoria area ("HGB Area") – Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty counties – was designated by the EPA in 2008 as a severe ozone nonattainment area. Such areas are required to demonstrate progress in reducing ozone concentrations each year until the EPA "8-hour" ozone standards are met. Both the TCEQ and EPA took comments on the submission of a new State

Implementation Plan ("SIP") which would account for the severe classification of the HGB Area, and on March 10, 2010, the TCEQ adopted a series of SIP revisions and associated rule revisions for the HGB nonattainment area for the 1997 eight-hour ozone standard. New designation submittals were due to the EPA in March 2011 to comply with a newly lowered EPA ozone standard – because the standard was lowered in 2010, the HGB Area remains in severe nonattainment. To provide for reductions in ozone concentrations to reach the newly lowered ozone standard, the EPA and the TCEQ will continue to impose increasingly stringent limits on sources of air emissions and require any new source of significant air emissions to provide for a net reduction of air emissions. If the HGB Area fails to demonstrate progress in reducing ozone concentrations or fails to meet EPA's standards, EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects, as well as severe emissions offset requirements on new major sources of air emissions for which construction has not already commenced.

In order to comply with the EPA's standards for the HGB Area, the TCEQ has proposed SIPs setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB Area. In response to the severe ozone nonattainment designation, the TCEQ adopted additional control technologies in order to achieve attainment, and it is possible that these additional controls could have a negative impact on the HGB Area's economic growth and development.

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 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 of Texas, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the County 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 County will furnish a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Bonds are valid and legally binding obligations of the County, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to a like effect. The form of Bond Counsel's opinion is included in APPENDIX E.

Bond Counsel was not requested to participate, and did not take part, in the preparation of this 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 relating to the Bonds and the Indenture in this Official Statement under the captions "THE BONDS" (except for the information under the subheadings "Book-Entry-Only System" and "Enforceability of Remedies"), "SECURITY AND SOURCE OF PAYMENT," "CONTINUING DISCLOSURE OF INFORMATION" and "OTHER INFORMATION—Legal Matters" (except for the third and fourth paragraphs of such subheading), and in "APPENDIX C – GLOSSARY OF TERMS" and "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE" to verify that the information relating to the Bonds and the Indenture contained under such captions and in APPENDIX C and APPENDIX D accurately and fairly reflect the provisions thereof, and the information under the captions "TAX MATTERS" and "OTHER INFORMATION—Legal Investments and Eligibility to Secure Public Funds in Texas" to verify that the information under such captions is correct as to matters of law and fairly and accurately presents the information therein.

Andrews Kurth LLP, Houston, Texas, has been engaged by the County to serve as Special Disclosure Counsel for this transaction and is expected to render the customary opinion with respect to the material contained in this Official Statement. Certain legal matters will be passed on for the Underwriters by their co-counsel, Haynes

and Boone, LLP and Levi Benton & Associates PLLC. The legal fees to be paid Bond Counsel, Special Disclosure Counsel and co-counsel to the Underwriters for services rendered in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues expressly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise from the transaction.

Financial Advisor

First Southwest Company, LLC is employed as Financial Advisor to the County 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, LLC, in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the County 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 County 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, to purchase the Bonds from the County, pursuant to a bond purchase agreement with the County for a purchase price of $_____ (representing the principal amount of the Bonds, plus an original issuance premium of $_____, less an underwriter's 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.

Forward-Looking Statements

The statements contained in this Official Statement that are not purely historical, are forward-looking statements, including statements regarding the expectations, hopes, intentions, or strategies of the County regarding the future. Investors 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 County on the date hereof, and the County assumes no obligation to update any such forward-looking statements. The 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 County. 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 County'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 Bond 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.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these statements have been or will be realized. Information in this Official Statement has been derived by the County from official and other sources and is believed by the County to be accurate and reliable. Information other than that obtained from official records of the County has not been independently confirmed or verified by the County and its accuracy is not guaranteed.

_____
County Judge
Fort Bend County, Texas

ATTEST:

_____
County Clerk
Fort Bend County, Texas

APPENDIX A

EXCERPTS FROM THE COUNTY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2014

Sandersen Knox & Co, L.L.P.
Certified Public Accountants
130 Industrial Blvd, Suite 130 • Sugar Land, Texas 77478 • 281/242-3232 • fax 281/242-3252 • www.skbx.com

INDEPENDENT AUDITORS' REPORT

To the Honorable Robert E. Hebert, County Judge
and Members of Commissioners Court
Fort Bend County, Texas

Report on the Financial Statements

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, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Fort Bend County, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Fort Bend County, Texas, as of September 30, 2014, and

the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 3–13 and 62–75 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fort Bend County, Texas' basic financial statements. 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 basic financial statements.

The combining and individual nonmajor fund financial statements and the 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the budgetary comparison schedules are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2015, on our consideration of Fort Bend County, Texas' 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* in considering Fort Bend County, Texas' internal control over financial reporting and compliance.

Sugar Land, Texas
March 20, 2015

As management of Fort Bend County, Texas (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, 2014. 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 and deferred outflows of resources of the County exceeded its liabilities at the close of the most recent fiscal year by $721.9 million ("net position"). Of this amount, there is a deficit of $119.7 million in unrestricted net position due to the continued liability increase for other post-employment benefits ("OPEB") that now totals $189.8 million.
- The County's total net position increased by $6.0 million.
- As of the close of the current fiscal year, the County's governmental funds reported a combined ending fund balance of $79.2 million, a decrease of $13.6 million from the prior year.
- At the end of the current fiscal year approximately $14.3 million is available for spending at the government's discretion in the General Fund (unassigned fund balance). This unassigned fund balance amounts to 6.5% of total General Fund expenditures.
- The County's total assets and deferred outflow of resources increased by $13.2 million and total liabilities increased by $7.2 million during the current fiscal year.

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 consist of 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 intended to furnish additional detail to support 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 position presents financial information on all of the County's assets, liabilities, and deferred inflows/outflows, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 services, 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 64 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 the Debt Service Fund, which are considered to be major funds. Data from the other 62 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 this 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 this 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 five 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 financial statements can be found on pages 32 through 59 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 75 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities by $721.9 million at the close of the most recent fiscal year.

CONDENSED SCHEDULE OF NET POSITION

September 30, 2014 and 2013

	Primary Government Governmental Activities	
	2014	2013
Current and other assets	$ 120,055,964	$ 142,426,224
Capital assets, net	1,180,129,294	1,144,837,253
Total Assets	1,300,185,258	1,287,263,477
Total Deferred Outflows of Resources	319,879	
Long-term liabilities	544,004,790	529,564,188
Other liabilities	34,578,311	41,814,224
Total Liabilities	578,583,101	571,378,412
Net Position:		
Net investment in capital assets	839,830,725	811,299,625
Restricted	1,753,831	1,414,427
Unrestricted	(119,662,520)	(96,828,987)
Total Net Position	$ 721,922,036	$ 715,885,065

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 $839.8 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.

A portion of the County's net position, $1.8 million, represents resources that are subject to external restrictions on how they may be used. The deficit balance for unrestricted net position of $119.7 million was due primarily to the growing OPEB liability that now totals $189.8 million.

The County's assets exceeded its liabilities by $721.9 million, which is an increase of $6.0 million from the prior year. This increase is primarily due to the following: decrease in cash of $18.8 million due to the expense of bond funds for road projects; decrease in due from component units of $3.4 million due to a reduction of accounts payable transactions at the end of September; increase in capital assets of $35.3 million due to construction of new facilities and construction and contribution of new roads; decrease in accounts payable of $7.4 million due to a reduction of transactions at the end of September; an increase in OPEB liability of $31.0 million, and a decrease of $17.1 million in bonds payable due to scheduled debt service payments.

SCHEDULE OF CHANGES IN NET POSITION

For the years ended September 30, 2014 and 2013

	Primary Government Governmental Activities	
	2014	2013
Revenues		
Program revenues:		
Charges for services	$ 44,948,760	$ 44,068,025
Operating grants and contributions	33,096,456	33,304,392
Capital grants and contributions	36,540,480	30,132,207
General revenues:		
Property taxes	222,838,642	207,458,672
Sales taxes	4,214,553	2,956,560
Earnings on investments	880,712	963,652
Other	4,373,699	5,537,404
Total Revenues	346,893,302	324,420,912
Expenses		
General administration	47,178,578	42,034,040
Financial administration	9,809,215	8,849,251
Administration of justice	96,510,853	94,210,925
Construction and maintenance	57,430,317	50,078,091
Health and welfare	34,976,018	34,630,163
Cooperative services	1,152,222	1,067,104
Public safety	58,412,120	55,866,404
Parks and recreation	3,379,366	2,069,935
Libraries and education	17,170,818	16,156,200
Interest on long-term debt	14,836,824	15,536,759
Total Expenses	340,856,331	320,498,872
Change in Net Position	6,036,971	3,922,040
Net Position, Beginning	715,885,065	711,963,025
Net Position, Ending	$ 721,922,036	$ 715,885,065

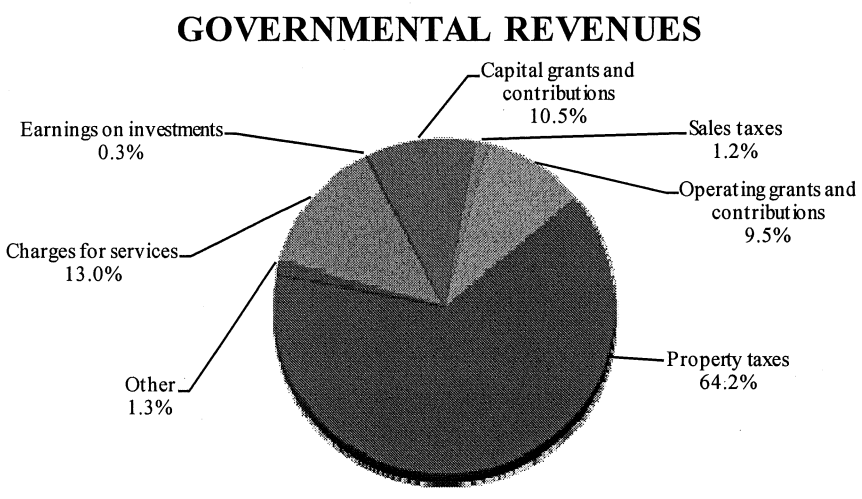
At the end of the current fiscal year, the County was able to report a positive balance in net position for the government as a whole. The same situation held true for the prior fiscal year.

Governmental activities increased the County's net position by $6.0 million. This increase is up from last year's increase of $3.9 million. The key elements of this change in net position are as follows:

- Increase in property taxes of $15.4 million due to an increase in property valuations.
- Increase in sales taxes of $1.3 million due to an increase in sales from current and new businesses located in the County Assistance Districts.
- Increase in capital grants and contributions of $6.4 million resulting from an increase in capital contributions of infrastructure of $8.0 million, a decrease in Texas Department of Transportation and local participation in mobility projects of $3.5 million, a donation in the current year of $3.5 million for the purchase of Gordon Ranch, and the absence of a $2.0 million donation for the Courthouse renovation that was received in the prior year.
- Decrease in other revenue of $1.2 million primarily due to a reduction in miscellaneous reimbursements for capital projects, refunds from accounts payable transactions, and forfeited asset revenue.

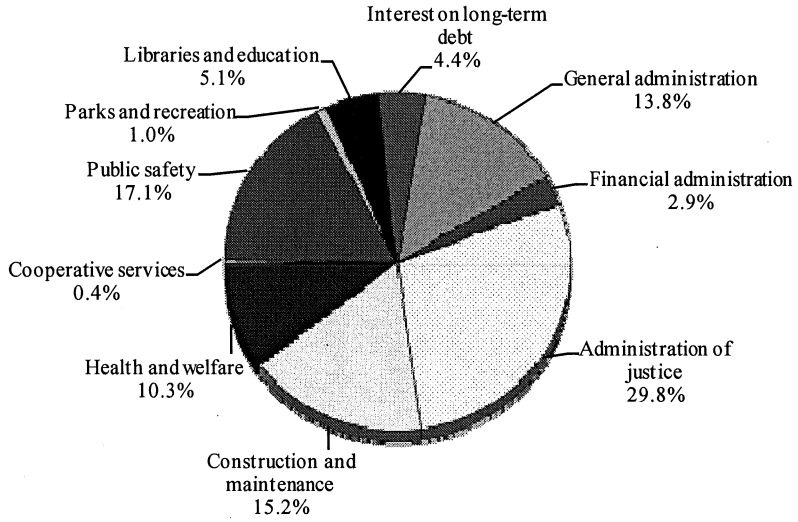
- General administration expenses increased by $5.1 million primarily due to the following:
  - Increase of $4.8 million in payroll and related costs due to personnel increases and movement of the jail maintenance responsibility to the facilities department.
  - Increase of $2.8 million due to TIRZ payments made in the current year.
  - Decrease of $2.2 million due to the movement of property/casualty/liability insurance activity from the General Fund to the Other Self-Funded Insurance internal service fund.
- Financial administration expenses increased by $1.0 million primarily due to the following:
  - Increase of $0.7 million in payroll and related costs.
- Administration of justice expenses increased by $2.3 million primarily due to the following:
  - Increase of $4.7 million in payroll and related costs.
  - Decrease of $0.8 million in fees due to elimination of the jail maintenance contract.
  - Decrease of $1.7 million in depreciation expense for facilities in prior years.
- Construction and maintenance expenses increased by $7.4 million primarily due to the following:
  - Increase of $8.1 million in fees due to an increase in payments made to other jurisdictions for contributions for infrastructure.
  - Increase of $1.2 million in depreciation due to the increase in completed projects.
  - Decrease of $2.0 million in depreciation expense for donated bridges in prior years.
- Public safety expenses increased by $2.5 million primarily due to the following:
  - Increase of $2.4 million in payroll and related costs.
- Parks and recreation expenses increased by $1.3 million primarily due to the following:
  - Increase of $0.4 million in payroll and related costs.
  - Increase of $0.6 million in depreciation expense for improvements to Freedom Park in prior years.
- Libraries and education expenses increased by $1.0 million primarily due to the following:
  - Increase of $0.6 million in payroll and related costs.
  - Increase of $0.1 million in depreciation expense.
  - Increase of $0.1 million in other operating expenses.
- Interest on long-term debt decreased by $0.7 million due to the scheduled reduction of outstanding debt.
- Transfers out increased by $3.8 million, primarily due to a transfer of $2.7 million to the Other Self-Funded Insurance internal service fund.

Governmental revenues for fiscal year 2014 are graphically displayed as follows:



Governmental functional expenses for fiscal year 2014 are graphically displayed as follows:

GOVERNMENTAL FUNCTIONAL EXPENSES



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 $79.2 million. Of this, $14.2 million is unassigned fund balance and available for day-to-day operations within the General Fund. $22.7 million is committed fund balance for capital projects within the General Fund. $41.8 million is restricted fund balance for General, Debt Service, and the non-major governmental funds in the amounts of $0.2 million, $2.8 million, and $38.8 million respectively. $0.4 million is nonspendable fund balance for the General Fund and the non-major governmental funds in the amount of $0.4 million and $45.4 thousand, respectively, for prepaid items.

There was a decrease in the combined fund balance of $13.6 million from the prior year for the governmental funds. This overall decrease was primarily due to a decrease in the non-major capital project funds of $20.9 million. Non-major special revenue funds increased by $6.9 million and the Debt Service Fund increased by $0.3 million. General Fund balance increased by $0.1 million which is down from the previous year's increase of $1.4 million. This net decrease in change in fund balance for General Fund of $1.3 million is primarily due to the following factors:

- Increase in General Fund property tax allocation of $12.5 million due to increased property valuations.
- Increase in fees of office collections of $2.2 million due to increase in services from all the governmental functions.
- Decrease in federal funds of $0.8 million primarily due to an increase in uncompensated care reimbursement from CMS for EMS of $1.4 million and a decrease in grant funding of $2.0 million.

- Increase in prisoner housing of $2.3 million due to increased housing of state and federal inmates.
- Decrease in state funds of $0.8 million primarily due to a reduction of right of way funding from Texas Department of Transportation.
- Decrease in local funds of $1.9 million primarily due to the absence of a $2.0 million donation for the Courthouse restoration.
- Increase in miscellaneous reimbursements of $2.4 million primarily due to an increase in capital project participation from other entities.
- General administration expenditures increased by $3.8 million primarily due to:
    - Increase of $2.8 million in TIRZ payments.
    - Increase of $2.1 million due to the movement of Jail Maintenance and Interdepartmental Construction cost centers to general administration from other governmental functions.
    - Decrease of $2.2 million due to the movement of property/casualty/liability activity from General Fund to Other Self-Funded Insurance internal service fund.
    - Increase of $1.1 million in retiree insurance and cost of living increase.
- Financial administration expenditures increased by $0.7 million primarily due to an increase in payroll and related costs of the Tax Assessor/Collector.
- Administration of justice expenditures increase by $3.0 million primarily due to additional employees and cost-of-living adjustments.
- Health and welfare expenditures increased by $2.1 million primarily due to:
    - Increase in payroll for EMS and 1115 Waiver projects of $1.2 million.
    - Increase in overtime for EMS of $0.4 million.
    - Increase in 1115 Waiver project expenses of $0.6 million.
- Public safety expenditures increased by $2.2 million primarily due to:
    - Increase of $2.0 million in payroll and related costs of patrol staff for the Sheriff's and Constables' Offices.
- Parks and recreation expenditures increased by $0.4 million primarily due to the costs of operating Gordon Ranch, which was purchased in the current year.
- Libraries and education increased by $0.6 million primarily due to an increase in payroll and related costs.

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 position balance at fiscal year-end of $0.9 million, which is a $1.5 million decrease from the prior year. This decrease was primarily caused by a budgeted reduction in net position from 2013. The Other Self-Funded Insurance Fund has a deficit net position balance of $2.8 million at fiscal year-end, which is a slight improvement over the previous year's deficit net position balance of $2.9 million. The allocation for the Other Self-Funded Insurance Fund will continue to be increased in future fiscal years to eliminate this deficit net position balance.

General Fund Budgetary Highlights

During the year there was a net decrease of $10.5 million in expenditure appropriations between the original and final amended budget. The main components of this decrease were based on the following: $2.7 million decrease for general administration; $0.4 million increase for administration of justice; $5.4 million decrease for health and welfare; $3.2 million decrease for public safety; $0.3 million decrease for libraries and education; and a $0.7 million increase for capital outlay.

General Fund revenues exceeded the amended budget by $8.6 million for the year. The reasons for this surplus are detailed as follows:

- Property taxes resulted in revenues of $3.8 million excess over budget due to an increased collection rate above what was projected.

- Fees and fines resulted in $3.2 million in excess revenues due to continued increased collections of fines, fees and court costs.
- Intergovernmental revenue resulted in $2.0 million in excess primarily due to increased housing of federal prisoners of $1.4 million and increased allotment from the Texas Indigent Defense Commission of $0.4 million.
- Miscellaneous revenue resulted in a shortfall of $0.4 million primarily due to reduced library fees assessed.

General Fund expenditures fell short of the amended budget by $1.3 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 for significant negative variances is detailed as follows:

- General administration had one budget shortfall within individual budget categories for Non-Departmental of $144,965. This shortfall did not cause an overall budget deficit within general administration, however, procedures have been put in place to prevent this in the future.
- Health and welfare had two minor budget shortfalls within individual budget categories for Ambulance-EMS and Public Transportation, of $87 and $815, respectively. These shortfalls did not cause an overall budget deficit within health and welfare, however, procedures have been put in place to prevent this in the future.
- Public safety had one minor budget shortfall within individual budget categories for Sheriff Enforcement Operating of $2,551. This shortfall did not cause an overall budget deficit within public safety, however, procedures have been put in place to prevent this in the future.
- Other financing (uses) had a budget shortfall of $3,032,697 in transfers (out). $2,722,000 of this was caused by the movement of the cost center for Property/Casualty/Liability insurance from the General Fund to an internal service fund.

Capital Assets and Debt Administration

Capital Assets - At the end of fiscal year 2014, the County's governmental activities had invested $1.2 billion in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents an increase of approximately $35.3 million over the previous fiscal year.

	Governmental Activities	
	2014	2013
Non-Depreciable Capital Assets		
Land	$ 383,045,250	$ 366,817,209
Construction in progress	34,795,920	38,166,402
Depreciable Capital Assets, Net		
Vehicles	13,382,605	12,309,823
Office furniture and equipment	7,197,175	8,290,442
Machinery and equipment	10,185,953	10,969,480
Buildings, facilities and improvements	264,701,569	249,108,374
Infrastructure	466,820,822	459,175,523
Totals	$ 1,180,129,294	$ 1,144,837,253

Construction in progress at year-end represents numerous ongoing projects, the largest of which are: Mobility Bond projects for $26.7 million; Westpark B frontage road project for $2.4 million; and Utility Relocation-Greenbusch project for $1.5 million.

Long-Term Debt - At the end of the current fiscal year, the County had total bonds outstanding of $330.1 million. This is a decrease of $17.4 million from the prior year due to the scheduled debt service payments made during fiscal year 2014. OPEB liability increased by $31.0 million based on the actuarial valuation dated September 30, 2014, to a total balance of $189.8 million.

	Governmental Activities	
	2014	2013
General obligation bonds	$ 330,110,000	$ 347,555,000
Premiums on bonds	17,598,537	17,257,865
Accrued compensated absences	6,536,895	5,970,991
Other post-employment benefits ("OPEB") obligation	189,759,358	158,780,332
Totals	$ 544,004,790	$ 529,564,188

The County received an insured rating of Aaa from Moody's and Standard and Poors on issuances prior to 2009. Subsequent County issuances were not insured and therefore retained the uninsured ratings. The uninsured ratings were as follows:

Moody's – Aa1
Fitch – 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 of 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, 2014, approximately $9.5 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, 2014, approximately $136.4 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 as the economy improves.

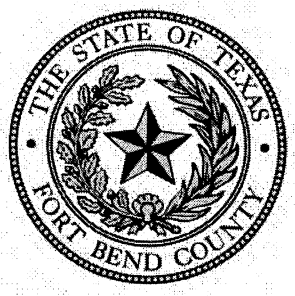
The population of the County is estimated at 652,365 in 2014 and is expected to grow to 776,950 by 2020.

The number of households has increased to 220,070 in 2015 and is expected to grow to 255,510 by 2020. Mean household income for 2015 is $172,088 and is estimated to rise to $204,744 by 2020. Income per capita is currently at $56,291 and is expected to grow to $67,786 by 2020.

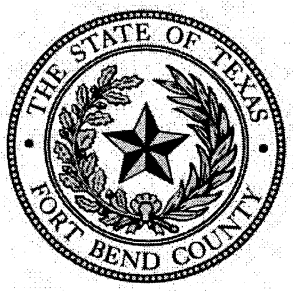
The Commissioners Court approved a $290.2 million total budget for the 2015 fiscal year. This is a 6.97% increase over the adopted 2014 fiscal year budget. The increase in the budget is primarily due to a County-wide cost of living increase along with capital outlay totaling $10.1 million. The overall tax rate decreased from $0.49976 per $100 of assessed valuation for 2014 to $0.49476 per $100 valuation for 2015.

Requests for Information

This financial report is designed to provide a general overview of Fort Bend County, Texas 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 701, 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 POSITION
September 30, 2014

	Primary Government	
	Governmental Activities	Component Units
Assets		
Cash and cash equivalents	$ 91,177,639	$ 94,300,493
Investments		450,783
Receivables:		
Property taxes, net	5,867,673	
Sales taxes	890,741	
Grants	9,041,303	
Fines and fees	4,319,143	
Other	5,033,192	3,682,110
Prepaid items	433,773	5,500
Due from Fort Bend Grand Parkway Toll Road Authority		167,765
Due from component units	3,292,500	
Capital assets, not being depreciated	417,841,170	18,519,599
Capital assets, net of accumulated depreciation	762,288,124	278,727,167
Total Assets	1,300,185,258	395,853,417
Deferred Outflows of Resources		
Deferred charges-debt refunding	319,879	10,850,203
Total Deferred Outflows of Resources	319,879	10,850,203
Liabilities		
Accounts payable and accrued expenses	28,662,152	3,900
Retainage payable	926,690	3,952,552
Accrued interest payable	1,288,111	1,172,852
Unearned revenues	2,955,972	
Due to primary government		3,292,500
Due to Fort Bend County Toll Road Authority		167,765
Due to other governments	745,386	
Long-term liabilities due within one-year	18,384,224	2,575,000
Long-term liabilities due in more than one-year	525,620,566	338,029,404
Total Liabilities	578,583,101	349,193,973
Net Position (Deficit)		
Net investment in capital assets	839,830,725	(15,540,863)
Restricted for:		
Debt service	1,753,831	9,451,906
Unrestricted	(119,662,520)	63,598,604
Total Net Position	$ 721,922,036	$ 57,509,647

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2014

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	$ 47,178,578	$ 8,323,648	$ 3,626,019	$ 3,500,000
Financial administration	9,809,215	6,497,643		
Administration of justice	96,510,853	8,400,556	10,213,349	
Construction and maintenance	57,430,317	6,759,102	372,129	32,683,107
Health and welfare	34,976,018	7,371,859	14,782,021	
Cooperative services	1,152,222		200	
Public safety	58,412,120	7,125,686	3,932,646	357,373
Parks and recreation	3,379,366	193,631	100,286	
Libraries and education	17,170,818	276,635	69,806	
Interest on long-term debt	14,836,824			
Total Primary Government	$ 340,856,331	$ 44,948,760	$ 33,096,456	$ 36,540,480
Component Units:				
FBC Surface Water Supply Corporation	$	$	$	$
FBC Toll Road Authority	14,683,931	23,724,115		
FB Grand Parkway Toll Road Authority	11,317,366	6,770,539		
FBC Housing Finance Corporation	18,072	53,919		
FBC Industrial Development Corporation	15,798			
Total Component Units	$ 26,035,167	$ 30,548,573	$	$
General Revenues:				
Property taxes, penalties, and interest				
Sales taxes				
Earnings on investments				
Miscellaneous				
Total General Revenues				
Changes in Net Position				
Net Position, Beginning of Year				
Net Position, End of Year				

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position	
Primary Government	Component Units
Governmental Activities	
$ (31,728,911)	$
(3,311,572)	
(77,896,948)	
(17,615,979)	
(12,822,138)	
(1,152,022)	
(46,996,415)	
(3,085,449)	
(16,824,377)	
(14,836,824)	
(226,270,635)	
	9,040,184
	(4,546,827)
	35,847
	(15,798)
	4,513,406
222,838,642	
4,214,553	
880,712	258,070
4,373,699	2,065
232,307,606	260,135
6,036,971	4,773,541
715,885,065	52,736,106
$ 721,922,036	$ 57,509,647

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2014

	General Fund	Debt Service Fund	Non-major Governmental Funds	Totals Governmental Funds
Assets				
Cash and cash equivalents	$ 39,695,212	$ 2,726,546	$ 44,803,106	$ 87,224,864
Taxes receivable, net	3,047,631	272,848	1,498,903	4,819,382
Penalties and interest receivable on delinquent taxes, net	1,650,574	14,562	273,896	1,939,032
Grants receivable	8,458,942		582,361	9,041,303
Fines and fees receivable	4,319,143			4,319,143
Other receivables	3,047,213	27,985	1,809,873	4,885,071
Due from other funds	5,700,282		18,781	5,719,063
Due from component units	3,292,500			3,292,500
Prepaid items	386,965		45,408	432,373
Total Assets	$ 69,598,462	$ 3,041,941	$ 49,032,328	$ 121,672,731
Liabilities				
Accounts payable	$ 15,509,675	$	$	$ 15,509,675
Accrued payroll	6,048,555			6,048,555
Retainage payable	191,129		735,561	926,690
Due to other funds	247,741		5,901,490	6,149,231
Due to other governments	745,386			745,386
Total Liabilities	22,742,486		6,637,051	29,379,537
Deferred Inflows of Resources				
Unavailable revenue-property taxes	3,047,631	272,848	608,162	3,928,641
Unavailable/unearned revenue-other	6,283,845	14,562	2,915,740	9,214,147
Total Deferred Inflows of Resources	9,331,476	287,410	3,523,902	13,142,788
Fund Balances				
Nonspendable	386,965		45,408	432,373
Restricted	209,080	2,754,531	38,829,136	41,792,747
Committed	22,676,941			22,676,941
Unassigned	14,251,514		(3,169)	14,248,345
Total Fund Balances	37,524,500	2,754,531	38,871,375	79,150,406
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 69,598,462	$ 3,041,941	$ 49,032,328	$ 121,672,731

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 POSITION
September 30, 2014

Total fund balances, governmental funds	$ 79,150,406
Amounts reported for governmental activities in the Statement of Net Position 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 Position.	1,179,490,463
Other long-term assets are not available to pay for current period expenditures and are therefore deferred in the funds.	10,186,816
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 Position.	(1,932,627)
Some liabilities 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 Position.	
Bonds payable	(330,110,000)
Deferred charges on debt refunding	319,879
Compensated absences	(6,536,895)
Other post-employment benefits ("OPEB") obligation	(189,759,358)
Premiums on issuance of debt	(17,598,537)
Accrued interest is not due and payable in the current period and therefore not reported in the funds.	(1,288,111)
Net Position of Governmental Activities	$ 721,922,036

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, 2014

	General Fund	Debt Service Fund	Non-major Governmental Funds	Totals Governmental Funds
Revenues				
Property taxes	$ 169,990,645	$ 32,594,407	$ 20,407,255	$ 222,992,307
Sales taxes			4,214,553	4,214,553
Fines and fees	34,136,127		10,970,406	45,106,533
Intergovernmental	23,252,647		13,646,448	36,899,095
Earnings on investments	589,520	26,112	232,902	848,534
Miscellaneous	6,601,567		1,641,703	8,243,270
Total Revenues	234,570,506	32,620,519	51,113,267	318,304,292
Expenditures				
Current:				
General administration	40,451,397		1,027,513	41,478,910
Financial administration	7,883,935		7,099	7,891,034
Administration of justice	57,156,400		20,085,753	77,242,153
Construction and maintenance	2,497,848		32,877,095	35,374,943
Health and welfare	27,026,085		3,241,146	30,267,231
Cooperative services	944,039			944,039
Public safety	46,011,792		677,103	46,688,895
Parks and recreation	2,411,558			2,411,558
Libraries and education	13,551,652		62,223	13,613,875
Capital Outlay	22,461,153		18,503,433	40,964,586
Debt Service:				
Principal		16,250,000		16,250,000
Interest and fiscal charges		15,893,399		15,893,399
Bond issuance costs		234,472		234,472
Total Expenditures	220,395,859	32,377,871	76,481,365	329,255,095
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,174,647	242,648	(25,368,098)	(10,950,803)
Other Financing Sources (Uses)				
Transfers in	9,784		11,761,360	11,771,144
Transfers (out)	(14,066,553)		(426,591)	(14,493,144)
Refunding bonds issued		18,900,000		18,900,000
Payment to refunded bond escrow agent		(21,065,913)		(21,065,913)
Premium on refunding bonds issued		2,202,026		2,202,026
Total Other Financing Sources (Uses)	(14,056,769)	36,113	11,334,769	(2,685,887)
Net Change in Fund Balances	117,878	278,761	(14,033,329)	(13,636,690)
Fund Balances, Beginning of Year	37,406,622	2,475,770	52,904,704	92,787,096
Fund Balances, End of Year	$ 37,524,500	$ 2,754,531	$ 38,871,375	$ 79,150,406

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, 2014

Net change in fund balances - total governmental funds	$ (13,636,690)
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 ($40,964,586) exceeded depreciation expense ($34,349,797) in the current period.	6,614,789
Capital contributions of infrastructure are reported in the government-wide financial statements but not in the fund financial statements.	28,972,177
Governmental funds report the entire net sales prices (proceeds) from the sales of capital assets as revenue because they provide current financial resources. The change in net position differs from the change in fund balance by the cost of capital assets sold.	(260,349)
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 position. Also, governmental funds report the effect of 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.	
Debt issued:	
General obligation bonds	(18,900,000)
Premium on bonds issued	(2,202,026)
Repayments:	
Principal repayments	16,250,000
Payment to escrow agent for refunding	21,065,913
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.	
Compensated absences	(565,904)
Accrued interest	80,726
Other post-employment benefit ("OPEB") obligation	(30,979,026)
Amortization of bond premiums	1,224,228
Amortization of deferred charge on refunding	(13,907)
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.	(153,665)
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.	(1,459,295)
Change in net position of governmental activities	$ 6,036,971

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS
STATEMENT OF NET POSITION (DEFICIT)
PROPRIETARY FUNDS
September 30, 2014

	Governmental Activities Internal Service Funds
Assets	
Current Assets:	
Cash and cash equivalents	$ 3,952,775
Prepaid expenses	1,400
Due from other funds	646,748
Other receivables	148,121
Total Current Assets	4,749,044
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	638,831
Total Noncurrent Assets	638,831
Total Assets	5,387,875
Liabilities	
Current Liabilities:	
Benefits payable	7,103,922
Due to other funds	216,580
Total Current Liabilities	7,320,502
Total Liabilities	7,320,502
Net Position (Deficit)	
Net investment in capital assets	638,831
Unrestricted	(2,571,458)
Total Net (Deficit)	$ (1,932,627)

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION (DEFICIT)
PROPRIETARY FUNDS
For the Year Ended September 30, 2014

	Governmental Activities
	Internal Service Funds
Operating Revenues	
Charges for services	$ 36,647,900
Total Operating Revenues	36,647,900
Operating Expenses	
Current operations - general administration	1,664,035
Benefits provided	39,197,341
Total Operating Expenses	40,861,376
Operating (Loss)	(4,213,476)
Non-Operating Revenues	
Earnings on investments	32,181
Total Non-Operating Revenues	32,181
(Loss) before transfers	(4,181,295)
Transfers in	2,722,000
Change in Net (Deficit)	(1,459,295)
Total Net (Deficit), Beginning of Year	(473,332)
Total Net (Deficit), End of Year	$ (1,932,627)

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, 2014

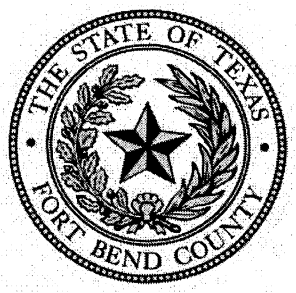
	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities	
Charges for services	$ 35,274,043
Payment of benefits	(38,655,219)
Payment of general administration expenses	(1,630,859)
Net Cash (Used) by Operating Activities	(5,012,035)
Cash Flows from Investing Activities	
Interest earned on investments	32,181
Net Cash Provided by Investing Activities	32,181
Cash Flows from Non-Capital Financing Activities:	
Transfers from other funds	2,722,000
Net Cash Provided by Non-Capital Financing Activites	2,722,000
Net (Decrease) in Cash and Cash Equivalents	(2,257,854)
Cash and Cash Equivalents, Beginning of Year	6,210,629
Cash and Cash Equivalents, End of Year	$ 3,952,775
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities	
Operating (Loss)	$ (4,213,476)
Adjustments to operations:	
Depreciation	34,576
Change in assets and liabilities:	
(Increase) in prepaid expenses	(1,400)
(Increase) in other receivables	(148,121)
Decrease in due from other funds	848,363
(Decrease) in due to other funds	(2,074,099)
Increase in benefits payable	542,122
Total Adjustments	(798,559)
Net Cash (Used) by Operating Activities	$ (5,012,035)

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2014

	Agency Funds
Assets	
Cash and cash equivalents	$ 29,999,468
Miscellaneous receivables	922,904
Total Assets	$ 30,922,372
Liabilities	
Due to other governments	$ 30,922,372
Total Liabilities	$ 30,922,372

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 POSITION (DEFICIT)
COMPONENT UNITS
September 30, 2014

	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	$ 7,729	$ 66,677,966	$ 27,306,476	$ 67,230	$ 241,092	$ 94,300,493
Investments				450,783		450,783
Due from Fort Bend Grand Parkway Toll Road Authority		167,765				167,765
Miscellaneous receivables		1,891,562	1,500,548	290,000		3,682,110
Prepaid items			5,500			5,500
Capital assets, not being depreciated		18,492,878	26,721			18,519,599
Capital assets, net of accumulated depreciation		145,293,941	133,433,226			278,727,167
Total Assets	7,729	232,524,112	162,272,471	808,013	241,092	395,853,417
Deferred Outflows of Resources						
Deferred charges-debt refunding		10,850,203				10,850,203
Total Deferred Outflows of Resources		10,850,203				10,850,203
Liabilities						
Accounts payable				3,900		3,900
Retainage payable			3,952,552			3,952,552
Due to Fort Bend County Toll Road Authority			167,765			167,765
Due to primary government		2,627,293	665,207			3,292,500
Accrued interest payable		574,502	598,350			1,172,852
Long-term liabilities:						
Due within one year		2,575,000				2,575,000
Due in more than one year		165,295,110	172,734,294			338,029,404
Total Liabilities		171,071,905	178,118,168	3,900		349,193,973
Net Position (Deficit)						
Net investment in capital assets		11,026,993	(26,567,856)			(15,540,863)
Restricted for:						
Debt service		2,915,323	6,536,583			9,451,906
Unrestricted	7,729	58,360,094	4,185,576	804,113	241,092	63,598,604
Total Net Position (Deficit)	$ 7,729	$ 72,302,410	$(15,845,697)	$ 804,113	$ 241,092	$ 57,509,647

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT)
COMPONENT UNITS
For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services
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	8,222,919	23,724,115
Interest on long-term debt	6,461,012	
Total Fort Bend County Toll Road Authority	14,683,931	23,724,115
Fort Bend Grand Parkway Toll Road Authority		
Toll road operations	4,684,647	6,770,539
Interest on long-term debt	6,632,719	
Total Fort Bend Grand Parkway Toll Road Authority	11,317,366	6,770,539
Fort Bend County Housing Finance Corporation		
General administration	18,072	53,919
Total Fort Bend County Housing Finance Corporation	18,072	53,919
Fort Bend County Industrial Development Corporation		
General administration	15,798	
Total Fort Bend County Industrial Development Corporation	15,798	
Totals Component Units	$ 26,035,167	$ 30,548,573
General Revenues:		
Earnings on investments		
Miscellaneous		
Total General Revenues		
Changes in Net Position (Deficit)		
Net Position (Deficit), Beginning of Year		
Net Position (Deficit), End of Year		

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position					
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
$	$	$	$	$	$
	15,501,196				15,501,196
	(6,461,012)				(6,461,012)
	9,040,184				9,040,184
		2,085,892			2,085,892
		(6,632,719)			(6,632,719)
		(4,546,827)			(4,546,827)
			35,847		35,847
			35,847		35,847
				(15,798)	(15,798)
				(15,798)	(15,798)
	9,040,184	(4,546,827)	35,847	(15,798)	4,513,406
19	175,305	81,124	781	841	258,070
	2,065				2,065
19	177,370	81,124	781	841	260,135
19	9,217,554	(4,465,703)	36,628	(14,957)	4,773,541
7,710	63,084,856	(11,379,994)	767,485	256,049	52,736,106
$ 7,729	$ 72,302,410	$ (15,845,697)	$ 804,113	$ 241,092	$ 57,509,647

The accompanying notes are an integral part of these financial statements.

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. The District's governing body is the same as the County's and there is a financial benefit relationship between the County and the District. Financial information for the District is available at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

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 Fort Bend County Drainage District. Commissioners Court appoints the Board of Directors and approves all budgets and expenditures. The Corporation provides services entirely to the County and the debt service of the Corporation is repaid entirely by the County. Financial information for the FBFCWSC is available at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

Fort Bend County Assistance Districts ("CADs")
The CADs are special districts authorized for creation by counties under chapter 387 of the Texas Local Government Code. CADs have the power to impose a sales and use tax for the following purposes: (1) the construction or maintenance of roads and highways; (2) provision of law enforcement and detention services; (3) maintenance or improvement of libraries, museums, parks or other recreational facilities; (4) provision of services that benefit the public health and welfare, including fire-fighting services; and (5) promotion of economic development and tourism. Currently there are five CADs (#1, #2, #4, #5, and #6) within Fort Bend County. CADs are political subdivisions of the state and each CAD has its own governing body, which is a five member Board of Directors. Each CADs' governing body is the same as the County's and there is a financial benefit relationship between the County and the CAD. Financial information is available at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

Discretely Presented Component Units

Discretely presented component units are presented in a separate column in the government-wide financial 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 government-wide financial statements:

Fort Bend County Toll Road Authority ("FBCTRA")
The FBCTRA is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. It was created to assist in the planning, designing, financing and building of county roads and highways. In particular, the FBCTRA 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 Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

Fort Bend Grand Parkway Toll Road Authority ("FBGPTRA")
The FBGPTRA is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. It was created to assist in the planning, designing, financing and building of county roads and highways. In particular, the FBGPTRA 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 Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

Fort Bend County Surface Water Supply Corporation ("FBCSWSC")
The FBCSWSC was established for the purpose of conducting a feasibility study of a surface water facility in the area. Currently, its 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 Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

Fort Bend County Housing Finance Corporation ("FBCHFC")
The FBCHFC was established under the Texas Housing Finance Corporation Act. It 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 FBCHFC do not constitute a debt or a pledge of faith by the FBCHFC, 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. Financial information is available by contacting the Fort Bend County Housing Finance Corporation, Thomas Shirley – President, 2214 Avenue H, Rosenberg, Texas 77471.

Fort Bend County Industrial Development Corporation ("FBCIDC")
The FBCIDC was established under the Development Corporation Act of 1979 ("Act"). It 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 FBCIDC do not constitute a debt or a pledge of faith by the FBCIDC, 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. Financial information is available at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

B. Implementation of New Standards

In the current fiscal year, the County implemented the following new standard:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB 65 is reflected in the financial statements and notes to financial statements.

Also, with this implementation, deferred charges, which consist of bond issuance costs and were amortized over the term of the bonds, are no longer recognized, but are accounted for as an expense in the period incurred. Therefore, the beginning net position on the Statement of Activities has been adjusted to reflect the portion of deferred charges that were incurred in prior years. The impact of the implementation of GASB 65 is a decrease of $3,397,939 in beginning net position.

C. 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 activities; therefore no business-type activities are presented within the basic financial statements. In the government-wide Statement of Net Position, 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 position is not presented. All assets reported in agency funds should be offset by a corresponding liability, resulting in zero net position.

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, deferred inflows of resources, 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: Unlimited Tax Road Bonds Series 2006, Unlimited Tax Road Bonds Series 2007, Fort Bend Flood Control Water Supply Corporation Refunding Bonds Series 2010, Facilities Limited Tax Bonds Series 2007, Unlimited Tax Road Bonds Series 2009, Justice Center Limited Tax Bonds Series 2009, Unlimited Tax Road Refunding Series 2009, Unlimited Tax Road Bonds Series 2012, and Unlimited Tax Road Refunding Series 2014. Revenues in this fund are comprised of property taxes levied against property located in the County. These funds are restricted for the payment of debt service obligations.

The County also reports the following fund 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.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 fund balance.

The government-wide statements of net position 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 position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

The accounts of the Governmental Fund Types (the General Fund, Special Revenue Funds, Debt Service Fund, 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 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 financial statements of the proprietary fund types and certain component units 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.

E. 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. Significant encumbrances outstanding at year-end are represented in aggregate within the respective fund balance category (restricted or committed) on the face of the balance sheet. Additional information regarding significant encumbrances is included in Note 12 on page 57 in the section entitled "Committed to". Unencumbered appropriations lapse at the end of the fiscal year.

F. 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.

G. 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.

H. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

I. 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.

J. Capital Assets

Capital assets used in governmental and proprietary fund types of the government are recorded as expenditures of the General, Special Revenue, Capital Projects, and Internal Service Funds and as capital 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 an 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 any resulting gain or loss is included in the results of operations.

The County applies a half-year convention for depreciation on all capital 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	5 to 39 years
Infrastructure	20 to 45 years

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide

statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County does not have any items that qualify for reporting in this category.

L. 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. 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 a component unit).

M. 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.

N. 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.

O. Net Position and Fund Balance

Net Position Classifications

Net position in government-wide financial statements are classified in three categories: 1) Net investment in capital assets, 2) Restricted net position, and 3) Unrestricted net position. Net position is shown as restricted if constraints placed on use are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Classifications

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. Fund balances are required to be reported according to the following classifications:

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. When restricted and unrestricted fund balance exists for the same purpose, restricted fund balance will be used first.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by the County's Board. The commitment of fund balance requires the highest level action of the Board to constitute a binding constraint on fund balance as defined by Texas Local Government Code 111.010 (d). This statute provides that the Commissioners Court (County's Board) by order may amend the budget to transfer an amount budgeted for one item to another budgeted item without authorizing an emergency expenditure. This can only be achieved by majority vote of approval of the County's Board. Commitments may only be changed or lifted by majority vote of approval of the County's Board. The proposed action of the Board with regard to creation or modification of a commitment must also be clearly posted on the Board's agenda in advance of taking any action.

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 (a) 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. As of the date of this report, the County's Board has not authorized any other official to have the authority to assign fund balance; therefore the assignment of fund balance must be made by approval of the Board.

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.

When various unrestricted fund balance is available for the same purpose, the County will use committed fund balance first, assigned fund balance next, and unassigned fund balance last.

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.

P. 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.

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 expenditures/expenses during the reporting period. Actual amounts could differ from those estimates.

R. Date of Managements' Review

In preparing the financial statements, the County has evaluated events and transactions for potential recognition or disclosure through March 20, 2015, 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 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.

Commissioners Court has adopted a written investment policy regarding the investment of its funds as defined by the PFIA. 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 PFIA, 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, 2014.

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 privately-managed public funds investment pool accounts.

As of September 30, 2014, 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 as of year-end, excluding agency funds:

	Governmental Funds	Internal Service Funds	Totals Governmental Activities	Component Units	Totals
Cash deposits	$ 86,571,161	$3,917,476	$ 90,488,637	$ 83,388,760	$173,877,397
Investment pools:					
Texas CLASS	645,291	34,290	679,581	290,453	970,034
TexasTERM	3,354		3,354	1,007	4,361
LOGIC	5,058	1,009	6,067	1,015	7,082
Wells Fargo 100% Treasury Money Market Fund				895,130	895,130
Wells Fargo Government Money Market Fund				9,724,128	9,724,128
Totals cash and cash equivalents	87,224,864	3,952,775	91,177,639	94,300,493	185,478,132
Certificates of deposit				450,783	450,783
Totals Cash and Investments	$ 87,224,864	$3,952,775	$ 91,177,639	$ 94,751,276	$185,928,915

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 PFIA. 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.

The TexasTERM Local Government Investment Pool ("TexasTERM") is organized in conformity with the PFIA. 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, 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 PFIA. The Pool was created in April, 1994 through a contract among its participating governmental units, and is governed by a board of directors, 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.

Wells Fargo 100% Treasury Money Market Fund seeks current income exempt from most state and local individual income taxes, while preserving capital and liquidity. It invests in high-quality, short-term money market instruments that consist of U.S. Treasury obligations.

Wells Fargo Government Money Market Fund seeks current income, while preserving capital and liquidity. It invests in high-quality, short-term money market instruments that consist of U.S. Government obligations and repurchase agreements collateralized by U.S. Government obligations.

C. Interest Rate Risk

As of 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	$ 450,783	74	3.7%
Investment pools:			
Texas CLASS	970,034	43	8.1%
TexasTERM	4,361	47	0.0%
LOGIC	7,082	59	0.1%
Wells Fargo 100% Treasury Money Market Fund	895,130	50	7.4%
Wells Fargo Government Money Market Fund	9,724,128	33	80.7%
Total Fair Value	$ 12,051,518		
Portfolio weighted average maturity		37	

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.

D. Credit Risk

The County's investment policy does not require investments to hold certain credit ratings issued by nationally recognized statistical rating organizations. As of September 30, 2014, the County's investments in Texas CLASS, TexasTERM, and LOGIC were rated "AAAm" by Standard and Poor's. The County's investments in both Wells Fargo Money Market Funds were rated "AAAm" and "Aaa-mf" by Standard and Poor's and Moody's Investments, respectively.

E. 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, 2014, were as follows:

	Governmental Activities			
	General Fund	Debt Service Fund	Non-major Governmental Funds	Totals
Receivables:				
Property taxes	$ 3,386,257	$ 303,164	$ 675,736	$ 4,365,157
Sales taxes			890,741	890,741
Penalties and interest on delinquent taxes	1,833,971	16,180	304,328	2,154,479
Grants	8,458,942		582,361	9,041,303
Fines and fees	4,319,143			4,319,143
Other	3,047,213	27,985	1,809,873	4,885,071
Gross receivables	21,045,526	347,329	4,263,039	25,655,894
Less: allowance for uncollectibles	(522,023)	(31,934)	(98,006)	(651,963)
Totals	$ 20,523,503	$ 315,395	$ 4,165,033	$ 25,003,931

Governmental funds report unavailable 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, 2014, the various components of unavailable revenue reported in the governmental funds are as follows:

	Unavailable	Unearned
Delinquent property taxes (General Fund)	$ 3,047,631	$
Delinquent property taxes (Road and Bridge Fund)	461,471	
Delinquent property taxes (Drainage District Fund)	146,691	
Delinquent property taxes (Debt Service Fund)	272,848	
Penalties and interest on delinquent taxes	1,939,032	
Fines and fees (General Fund)	4,319,143	
Grant funds received prior to meeting all eligibility requirements		2,955,972
Total unavailable/unearned revenue for governmental funds	$ 10,186,816	$ 2,955,972

NOTE 4 – PROPERTY TAXES

The County's tax year covers the period October 1st through September 30th. 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 1st of that calendar year. Such taxes become delinquent on February 1st 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. 2013 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 2014 fiscal year (2013 tax year), the County levied

property taxes of $0.49976 per $100 of assessed valuation. The 2013 rates resulted in total adjusted tax levies of approximately $220.7 million based on a total adjusted valuation of approximately $42.0 billion. The total tax rate in the 2013 tax year was prorated as follows:

	2013 Rate	2013 Limit
General, certain Special Revenue and Debt Service Funds	$ 0.48476	$ 0.80000
Fort Bend County Drainage District	$ 0.01500	$ 0.25000
Total Tax Rate	$ 0.49976	$ 1.05000

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. As of September 30, 2014, the interfund receivables and payables were as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 5,700,282	$ 247,741
Non-major Governmental Funds	18,781	5,901,490
	5,719,063	6,149,231
Internal Service Funds	646,748	216,580
Total Governmental Activities	$ 6,365,811	$ 6,365,811

Transfers totaling approximately $14.5 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	$ 9,784	$ 14,066,553
Non-major Governmental Funds	11,761,360	426,591
	11,771,144	14,493,144
Internal Service Funds	2,722,000	
Total Governmental Activities	$ 14,493,144	$ 14,493,144

NOTE 6 – CAPITAL ASSETS

A summary of changes in the primary government's capital assets for the year ended September 30, 2014, is as follows:

	Primary Government			
	Balances 10/1/13	**Increases**	**Decreases**	**Balances 9/30/14**
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 366,817,209	$ 16,228,041	$	$ 383,045,250
Construction in progress	38,166,402	34,666,373	(38,036,855)	34,795,920
Total capital assets not being depreciated	404,983,611	50,894,414	(38,036,855)	417,841,170
Depreciable capital assets:				
Vehicles	30,988,379	5,210,039	(1,987,258)	34,211,160
Office furniture and equipment	29,967,508	2,609,676	(553,745)	32,023,439
Machinery and equipment	26,008,756	1,120,880	(921,321)	26,208,315
Buildings, facilities and improvements	324,255,367	24,182,273	(342,493)	348,095,147
Infrastructure	610,319,068	24,014,143	(2,883,150)	631,450,061
Total other capital assets	1,021,539,078	57,137,011	(6,687,967)	1,071,988,122
Accumulated depreciation for:				
Vehicles	(18,678,556)	(4,057,832)	1,907,833	(20,828,555)
Office furniture and equipment	(21,677,066)	(3,700,075)	550,877	(24,826,264)
Machinery and equipment	(15,039,276)	(1,713,621)	730,535	(16,022,362)
Buildings, facilities and improvements	(75,146,993)	(8,544,000)	297,415	(83,393,578)
Infrastructure	(151,143,545)	(16,368,845)	2,883,151	(164,629,239)
Total accumulated depreciation	(281,685,436)	(34,384,373)	6,369,811	(309,699,998)
Depreciable capital assets, net	739,853,642	22,752,638	(318,156)	762,288,124
Total governmental activities capital assets, net	$1,144,837,253	$ 73,647,052	$ (38,355,011)	$1,180,129,294

Depreciation expenses were charged to the following functions in the statement of activities:

Fiscal Year 2014 Depreciation Expense	
General administration	$ 1,680,320
Financial administration	362,771
Administration of justice	5,817,376
Construction and maintenance	18,664,998
Health and welfare	1,892,472
Cooperative services	70,458
Public safety	3,590,777
Parks and recreation	661,313
Library	1,609,312
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	34,576
Total Depreciation Expense	$ 34,384,373

Construction in progress and remaining commitments under related construction contracts for general government construction projects as of September 30, 2014, is as follows:

2014 CONSTRUCTION COSTS

Project	Balances 10/1/13	Increases-Retainage Included	Decreases-Capitalizations	Balances 9/30/14	Remaining Commitments
2011 5307 Capital	$	$ 183,175	$	$ 183,175	$
Barker Cypress Park Lighting	139,731		(139,731)		8,382
Beechnut Improvements		56,673	(56,673)		38,105
Big Creek		216,555	(216,555)		286,360
Big Creek FBFCWSC - Bonds		31,950	(31,950)		688,384
Bridge Construction		55,980	(7,633)	48,347	8,155
Bud O'Sheiles Bldg. Fdn. Repair		122,800		122,800	
CAD Expansion	709,690	2,557,838	(3,267,528)		67,893
Courthouse Renovation Project	3,936,110	1,550,957	(5,487,067)		180,664
Crabb River Road Expansion	652,760	20,987		673,747	263,343
Facilities Tracking Software					21,950
Fairgrounds Renovations	203,876	367,396		571,272	1,089
FM762 Landscaping	17,239	204,515		221,754	
Freedom Park Storage Bldg.		11,201		11,201	
Ft Bend Senior Meals on Wheels		77,420		77,420	
Fuel Site Upgrades	28,031			28,031	
Gapps Slough	72,114	9,374		81,488	2,511
Gordon Ranch		82,636		82,636	
IT Hardware Infrastructure	63,978			63,978	183,983
Jail Expansion Prop 1 - Bonds		178,763		178,763	
Jail Repairs Project		83,300		83,300	
Kitty Hollow Park Infrastructure	22,279	427,156	(449,435)		59,560
Library Admin Building - George Fnd. Grant	9,383		(9,383)		99,889
Library Administration Building	1,551,294	2,411,393	(3,962,687)		1,891,860
Mobility Projects - Bonds	16,785,803	21,494,675	(11,531,806)	26,748,672	17,050,272
Pedestrian Mall	11,983	588,859	(600,842)		2,077
Phone System Upgrade	970,377	24,750	(995,127)		31,333
Senior Citizens' Community Center	1,980,497	565,169	(2,545,666)		376,767
Sienna Parkway Project		198,843		198,843	
Stafford Run Project	603,569	111,468		715,037	109,172
Traffic Signals		495,102		495,102	118,138
Travis Building Renovation	120,737	204,319		325,056	3,673
Utility Relocation - Greenbusch	1,496,929			1,496,929	
Utility Relocation - West Belfort	20,560			20,560	
Wespark B Frontage Roads	1,977,855	389,954		2,367,809	2,035,698
Projects Completed in FY2014	6,791,607	1,943,165	(8,734,772)		
Totals	$ 38,166,402	$ 34,666,373	$ (38,036,855)	$ 34,795,920	$ 23,529,258

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, 2014, is as follows:

	Discretely Presented Component Units			
	Balances 10/1/13	Increases	Decreases	Balances 9/30/14
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 12,440,939	$ 56,489	$	$ 12,497,428
Construction in progress	125,020,551	39,787,302	(158,785,682)	6,022,171
Total capital assets not being depreciated	137,461,490	39,843,791	(158,785,682)	18,519,599
Depreciable capital assets:				
Infrastructure	158,727,154	158,785,682		317,512,836
Total other capital assets	158,727,154	158,785,682		317,512,836
Accumulated depreciation for:				
Infrastructure	(32,930,172)	(5,855,497)		(38,785,669)
Total accumulated depreciation	(32,930,172)	(5,855,497)		(38,785,669)
Depreciable capital assets, net	125,796,982	152,930,185		278,727,167
Total Governmental Activities capital assets, net	$ 263,258,472	$ 192,773,976	$ (158,785,682)	$ 297,246,766

Depreciation expense for the Fort Bend County Toll Road Authority and the Fort Bend Grand Parkway Toll Road Authority totaled $5,855,497 for fiscal year 2014.

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 as of September 30, 2014, are as follows:

2014 CONSTRUCTION COSTS

Project	Balances 10/1/13	Increases-Retainage Included	Decreases-Capitalizations	Balances 9/30/14	Remaining Commitments
Fort Bend County Toll Road Authority	$ 22,719,851	$ 6,943,327	$ (23,663,428)	$ 5,999,750	$ 4,223,791
Fort Bend Grand Parkway Toll Road Authority	102,300,700	32,843,975	(135,122,254)	22,421	7,342,145
Totals	$ 125,020,551	$ 39,787,302	$ (158,785,682)	$ 6,022,171	$ 11,565,936

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 as of September 30, 2014, 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	2015	$ 1,345,000
26,000,000	Unlimited Tax Road Bonds, Series 2007	4.00 - 4.25	2027	19,170,000
126,675,000	Facilities Limited Tax Bonds, Series 2007	4.00 - 5.00	2031	114,310,000
48,940,000	Unlimited Tax Road Bonds, Series 2009	3.00 - 5.00	2029	40,245,000
73,430,000	Justice Center Limited Tax Bonds, Series 2009	3.00 - 5.25	2030	62,215,000
20,780,000	Unlimited Tax Road Refunding Bonds, Series 2009	3.00 - 5.00	2021	12,900,000
9,675,000	Fort Bend Flood Control Water Supply Refunding Bonds, Series 2010	2.50 - 4.00	2021	6,665,000
58,220,000	Unlimited Tax Road Bonds, Series 2012	2.00 - 5.00	2032	54,360,000
18,900,000	Unlimited Tax Road Refunding Bonds, Series 2014	1.00 - 5.00	2026	18,900,000
	Total General Obligation Bonds			$ 330,110,000

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 Refunding Bonds were issued to refund and defease the FBFCWSC's outstanding Revenue Bonds, Series 2001, which were originally issued to fund the improvement of Big Creek as a component of the Drainage District infrastructure.

On April 3, 2014, Fort Bend County issued $18,900,000 of Unlimited Tax Road Refunding Bonds to refund and defease a material portion of the Unlimited Tax Road Bonds, Series 2006 of $20,095,000. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by $2,820,553, and resulted in an economic gain of $2,620,016.

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.

A summary of long-term liability transactions of the County for the year ended September 30, 2014, follows:

	Balances 10/1/13	Additions	Retirements	Balances 9/30/14	Amounts Due Within One Year
Bonds payable:					
General obligation bonds	$ 347,555,000	$ 18,900,000	$(36,345,000)	$ 330,110,000	$ 16,750,000
Premiums on bonds	17,257,865	2,202,026	(1,861,354)	17,598,537	
Total bonds payable	364,812,865	21,102,026	(38,206,354)	347,708,537	16,750,000
Accrued compensated absences	5,970,991	7,271,775	(6,705,871)	6,536,895	1,634,224
Other post-employment benefits ("OPEB") obligation	158,780,332	35,741,230	(4,762,204)	189,759,358	
Total Long-Term Liabilities	$ 529,564,188	$ 64,115,031	$(49,674,429)	$ 544,004,790	$ 18,384,224

Bonded debt is funded primarily by property taxes from the Debt Service Fund. Accrued compensated absences are payable by the fund in which the individual positions are budgeted. General Fund and the Drainage District Fund have been used to fund current OPEB costs. As of the date of this report, the long-term portion of the OPEB liability is not funded.

Annual debt service requirements to maturity for the general obligation bonds are summarized as follows:

	Principal	Interest	Totals
2015	$ 16,750,000	$ 15,135,154	$ 31,885,154
2016	17,310,000	14,476,191	31,786,191
2017	17,445,000	13,764,929	31,209,929
2018	18,055,000	13,007,835	31,062,835
2019	18,730,000	12,180,116	30,910,116
2020-2024	97,890,000	46,950,532	144,840,532
2025-2029	107,060,000	21,870,775	128,930,775
2030-2032	36,870,000	2,010,644	38,880,644
Totals	$ 330,110,000	$ 139,396,176	$ 469,506,176

Discretely presented component units long-term bonded debt as of September 30, 2014, is listed below:

Discretely Presented Component Units				
Original Issue	Description	Interest Rate %	Matures	Debt Outstanding
Fort Bend County Toll Road Authority:				
Revenue Bonds				
$ 72,195,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2004	4.00 - 5.00	2015	$ 1,520,000
30,775,000	Senior Lien Toll Road Revenue Bonds, Series 2012	2.00 - 4.125	2040	30,775,000
116,940,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Refunding Bonds Series 2012	3.125 - 5.00	2032	116,940,000
	Total Revenue Bonds			$ 149,235,000
Fort Bend Grand Parkway Toll Road Authority:				
Revenue Bonds				
$ 155,085,000	Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012	3.00 - 5.00	2046	$ 155,085,000
	Total Revenue Bonds			$ 155,085,000

A summary of long-term liability transactions of the discretely presented component units for the year ended September 30, 2014, follows:

Fort Bend County Toll Road Authority:

	Balances 10/1/13	Additions	Retirements	Balances 9/30/14	Amounts Due Within One Year
Revenue bonds	$ 151,580,000	$	$ (2,345,000)	$ 149,235,000	$ 2,575,000
Premiums on bonds	20,052,142		(1,117,852)	18,934,290	
Discounts on bonds	(310,836)		11,656	(299,180)	
Total Long-Term Liabilities	$ 171,321,306	$	$ (3,451,196)	$ 167,870,110	$ 2,575,000

Fort Bend Grand Parkway Toll Road Authority:

	Balances 10/1/13	Additions	Retirements	Balances 9/30/14	Amounts Due Within One Year
Revenue bonds	$ 155,085,000	$	$	$ 155,085,000	$
Premiums on bonds	18,202,275		(552,981)	17,649,294	
Total Long-Term Liabilities	$ 173,287,275	$	$ (552,981)	$ 172,734,294	$

Annual debt service requirements to maturity for the revenue bonds are summarized as follows:

Fort Bend County Toll Road Authority:

	Principal	Interest	Totals
2015	$ 2,575,000	$ 6,834,925	$ 9,409,925
2016	3,745,000	6,705,875	10,450,875
2017	4,470,000	6,552,225	11,022,225
2018	5,315,000	6,343,712	11,658,712
2019	5,850,000	6,107,337	11,957,337
2020-2024	35,560,000	25,953,197	61,513,197
2025-2029	45,390,000	16,340,913	61,730,913
2030-2034	35,880,000	5,050,594	40,930,594
2035-2039	8,535,000	1,292,563	9,827,563
2040	1,915,000	39,497	1,954,497
Totals	$ 149,235,000	$ 81,220,838	$ 230,455,838

Fort Bend Grand Parkway Toll Road Authority:

	Principal	Interest	Totals
2015	$	$ 7,180,200	$ 7,180,200
2016		7,180,200	7,180,200
2017		7,180,200	7,180,200
2018		7,180,200	7,180,200
2019		7,180,200	7,180,200
2020-2024	11,015,000	35,016,375	46,031,375
2025-2029	21,625,000	30,589,725	52,214,725
2030-2034	26,585,000	25,358,725	51,943,725
2035-2039	33,610,000	18,034,500	51,644,500
2040-2044	42,610,000	8,715,875	51,325,875
2045-2046	19,640,000	793,200	20,433,200
Totals	$ 155,085,000	$ 154,409,400	$ 309,494,400

B. Conduit Debt – Component Units

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, 2014, $9,527,745 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. As of September 30, 2014, $136,372,737 of total bonds are outstanding.

B. Defeasance of Debt

In fiscal year 2014, the County defeased a large portion of the Unlimited Tax Road Bonds, Series 2006 by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service on the refunded bonds. The trust account assets and the liability for the defeased bonds are not included in the County's basic financial statements. As of September 30, 2014, the outstanding balance of these bonds was $20,095,000.

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 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.

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 12.21% for calendar year 2014. The contribution rate payable by the employee members is 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 2014 was $119.9 million and the County's contributions were based on a payroll of $117.5 million. Contributions made by employees totaled $8.2 million, and the County made contributions of $14.1 million during the fiscal year ended September 30, 2014.

Three-year trend information for the pension plan is presented below:

	2014	2013	2012
Annual Pension Cost ("APC")	$ 14,139,360	$ 12,681,672	$ 12,127,523
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation at the End of Period	0	0	0

For the year ended September 30, 2014, the pension cost for the TCDRS plan and the actual contributions made were $14,139,360. Because all contributions are made as required, no pension obligation existed at September 30, 2014.

Actuarial Information	12/31/2013
Actuarial cost method	Entry age
Amortization method	level percentage of payroll, closed
Amortization period	20 years
Asset valuation method	SAF: 5-year smoothed value ESF: Fund value
Assumptions:	
Investment return	8.0%
Projected salary increases	4.9%
Inflation	3.0%
Cost-of-living adjustments	0.0%

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	12/31/2013
Actuarial value of assets	$ 317,963,410
Actuarial accrued liability ("AAL")	$ 378,799,769
liability ("UAAL" or "OAAL")	$ 60,836,359
Funded ratio	83.94%
Annual covered payroll (actuarial)	$ 112,043,745
UAAL or OAAL as % of covered payroll	54.30%

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 ("OPEB")

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.

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. As of September 30, 2014, there were 687 retirees receiving benefits and approximately 2,577 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 2014 are as follows:

C. Annual OPEB Costs and Net OPEB Obligation

For fiscal year 2014, the County's annual OPEB cost for the Plan was $35,741,230. 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, 2014, were as follows:

	Fiscal Year Ending 9/30/14
Determination of Annual Required Contribution	
Normal Cost at Fiscal Year End	$ 20,168,775
Amortization of Unfunded Actuarial Accrued Liability	18,050,360
Annual Required Contribution ("ARC")	38,219,135
Determination of Net OPEB Obligation	
Annual Required Contribution	38,219,135
Interest on prior-year Net OPEB Obligation	6,351,213
Adjustment to ARC	(8,829,118)
Annual OPEB Cost	35,741,230
Less Assumed Contributions Made	(4,762,204)
Estimated Increase in Net OPEB Obligation	30,979,026
Net OPEB Obligation - Beginning of Year	158,780,332
Net OPEB Obligation - End of Year	$ 189,759,358
Percentage of OPEB Cost Contributed	13.3%

D. Trend Information

The following table shows the estimated 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
2012	4%	$ 32,376,384	12.7%	$ 130,029,910
2013	4%	$ 33,507,178	14.2%	$ 158,780,332
2014	4%	$ 35,741,230	13.3%	$ 189,759,358

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, 2013
Actuarial value of plan assets (a)	$	0
Actuarial accrued liability ("AAL") (b)	$	283,630,840
Unfunded/(Overfunded) actuarial accrued liability ("UAAL" or "OAAL") (b-a)	$	283,630,840
Funded Ratio (a/b)		0.0%
Annual Covered Payroll (c)	$	112,043,745
UAAL or OAAL as % of covered payroll ((b-a)/c)		253.1%

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 the following:

- Healthcare cost trend rates:
    - Pre-65 trend begins at 6.2% in fiscal year 2011 and falls to 4.7% in 2089.
    - Post-65 trend begins at 6.2% in fiscal year 2011 and falls to 4.8% in 2099.
    - Dental trend begins at 5.86% in fiscal year 2011 and falls to 3.95% in 2024.
- 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.
- 2.75% inflation rate.
- No projected salary increases.

NOTE 11 – NET PENSION OBLIGATION AND OTHER POST-EMPLOYEMENT 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 the General Fund and the Drainage District Fund. The Drainage District Fund 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 the General Fund.

NOTE 12 – FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned, as described in Note 1. Fund balances for all the major and non-major governmental funds as of September 30, 2014, were distributed as follows:

	General Fund	Debt Service Fund	Non-major Governmental Funds	Totals
Nonspendable:				
Prepaid items	$ 386,965	$	$ 45,408	$ 432,373
Subtotal	386,965		45,408	432,373
Restricted for:				
General administration	1,889		3,579,078	3,580,967
Financial administration			108	108
Administration of justice	153,610		2,735,650	2,889,260
Construction and maintenance			29,920,445	29,920,445
Health and welfare	40,445		202,614	243,059
Public safety			2,261,615	2,261,615
Cooperative services	13,136			13,136
Library			129,626	129,626
Debt service		2,754,531		2,754,531
Subtotal	209,080	2,754,531	38,829,136	41,792,747
Committed to:				
Facility construction/renovation	4,585,960			4,585,960
Mobility road projects	1,813,551			1,813,551
Community development	30,000			30,000
Parks and Fairgrounds renovations	1,704,192			1,704,192
Pedestrian Mall	125,343			125,343
IT Infrastructure	1,107,822			1,107,822
Radio replacement	3,000,000			3,000,000
Software projects	2,569,881			2,569,881
Right-of-way acquisitions	7,740,192			7,740,192
Subtotal	22,676,941			22,676,941
Unassigned	14,251,514		(3,169)	14,248,345
Total Fund Balances	$ 37,524,500	$ 2,754,531	$ 38,871,375	$ 79,150,406

NOTE 13 – CONTINGENCIES AND COMMITMENTS

A. Construction Contract Commitments

The County had several capital improvement commitments as of September 30, 2014. 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, 2014.

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.

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 ("IBNR"). 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. A summary of the changes in the balances of claims liabilities for the years ended September 30, 2014 and 2013 is as follows:

Employee Benefits:

	Year ended 9/30/2014	Year ended 9/30/2013
Unpaid claims, beginning of year	$ 3,083,926	$ 1,694,834
Incurred claims (including IBNRs)	30,024,806	27,718,103
Claim payments	(29,454,801)	(26,329,011)
Unpaid claims, end of year	$ 3,653,931	$ 3,083,926

Other Insurance:

	Year ended 9/30/2014	Year ended 9/30/2013
Unpaid claims, beginning of year	$ 3,477,874	$ 3,685,926
Incurred claims (including IBNRs)	527,651	342,318
Claim payments	(555,534)	(550,370)
Unpaid claims, end of year	$ 3,449,991	$ 3,477,874

NOTE 15 – DEFICIT NET POSITION

As of September 30, 2014, Other Self-Funded Insurance Fund has a deficit net position of $2,846,843. The growth in the deficit was eliminated in 2014 with the increased allocation by management. Management increased the allocation in 2015 to eliminate the deficit net position by the end of fiscal year 2017.

As of September 30, 2014, the Fort Bend Grand Parkway Toll Road Authority has a deficit net position of $15,845,697. This is caused by the issuance of bonds for the construction of the tolled overpasses along State Highway 99. Operating revenues from toll collections began in February 2014. Therefore, sufficient assets have not yet been generated to offset the liabilities, resulting in a deficit net position.

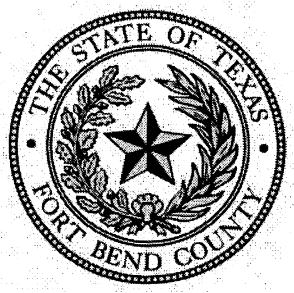
NOTE 16 – RESTATEMENT OF BEGINNING NET POSITION

During the 2014 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, machinery and equipment, building, facilities and improvements, and infrastructure by ($2,641,981), ($147,316), ($159,901), $111,261, $845,097, and $704,586 respectively. Accumulated depreciation has been restated for vehicles, office furniture and equipment, machinery and equipment, building, facilities and improvements, and infrastructure by $37,087, $29,480, ($37,087), ($2,557,470) and $147,011 respectively. Therefore, governmental activities total beginning net position was decreased by $3,669,233.

NOTE 17 – SUBSEQUENT EVENTS

Fort Bend County is in the process of issuing the Series 2015A bonds of $50,910,000 for the construction, purchase, maintenance and operation of macadamized, graveled and paved roads and turnpikes, and advance refunding and defeasing $16,840,000 of the County's Unlimited Tax Road Bonds, Series 2007, in order to lower the overall annual debt service requirements of the County, and to pay the costs of issuance of the Bonds. The County is also in the process of issuing the Series 2015B Bonds for the purpose of advance refunding and defeasing $100,470,000 of the County's Limited Tax Bonds, Series 2007, in order to lower the overall annual debt service requirements of the County, and to pay the costs of issuance of the Bonds. Both of these issuances are scheduled to close May 13, 2015.

The Fort Bend County Toll Road Authority issued $45 million in first lien revenue bonds in December, 2014 to finance the construction of the Highway 6 overpass ($33 million), purchase of right-of-way for Westpark-B extensions ($11 million) and toll conversion project for Parkway-A and Westpark-A ($4 million). This series was sold at a premium to allow funding for all components. The Authority plans to issue between $60.1 million and $68.5 million in first lien revenue bonds in the summer of 2015 for phase one of the Westpark Toll Way extension.


THE STATE OF TEXAS
FORT BEND COUNTY

Required Supplementary Information

FORT BEND COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Revenues				
Property taxes	$ 166,202,765	$ 166,202,765	$ 169,990,645	$ 3,787,880
Fines and fees	23,856,500	23,869,645	27,043,543	3,173,898
Intergovernmental	2,615,000	4,576,379	6,616,551	2,040,172
Earnings on investments	602,325	602,325	589,520	(12,805)
Miscellaneous	3,343,500	6,840,114	6,466,624	(373,490)
Total Revenues	196,620,090	202,091,228	210,706,883	8,615,655
Expenditures				
General Administration				
County Judge:				
Salaries and personnel costs	595,565	595,565	592,975	2,590
Operating costs	15,010	15,010	11,446	3,564
Information technology costs	160	160	108	52
Commissioner Precinct 1:				
Salaries and personnel costs	400,215	400,215	397,974	2,241
Operating costs	13,534	12,910	10,735	2,175
Information technology costs		1,105	1,105	
Commissioner Precinct 2:				
Salaries and personnel costs	542,360	539,360	532,289	7,071
Operating costs	22,888	25,048	22,483	2,565
Information technology costs		840	838	2
Commissioner Precinct 3:				
Salaries and personnel costs	432,431	432,431	429,429	3,002
Operating costs	45,281	40,081	30,672	9,409
Information technology costs		5,200	4,362	838
Commissioner Precinct 4:				
Salaries and personnel costs	382,134	382,134	375,823	6,311
Operating costs	11,682	11,618	6,448	5,170
Information technology costs		64	64	
County Clerk:				
Salaries and personnel costs	3,327,164	3,233,895	3,230,330	3,565
Operating costs	74,177	74,177	71,072	3,105
Information technology costs	3,000	3,000	1,396	1,604
Non-Departmental:				
Salaries and personnel costs	4,092,800	4,092,800	4,092,757	43
Operating costs	7,790,509	6,340,922	6,299,670	41,252
Information technology costs		1,643	693	950
Capital acquisitions		3,590,000	3,734,965	(144,965)
Risk Management/Insurance:				
Salaries and personnel costs	641,764	641,764	634,853	6,911
Operating costs	165,306	163,006	137,658	25,348
Information technology costs		2,300	1,648	652
Property/Casualty/Liability:				
Operating costs	2,732,000			
Information technology costs	10,000			
Capital acquisitions	80,000			

FORT BEND COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Elections Administrator:				
Salaries and personnel costs	585,134	559,753	559,082	671
Operating costs	174,464	174,464	167,985	6,479
Elections Services:				
Salaries and personnel costs	327,450	269,450	268,551	899
Operating costs	279,250	164,250	138,264	25,986
Information technology costs	4,000	4,000	2,895	1,105
Human Resources:				
Salaries and personnel costs	721,292	721,292	715,301	5,991
Operating costs	133,300	114,700	108,559	6,141
Information technology costs		600	428	172
Vehicle Maintenance:				
Salaries and personnel costs	783,629	673,992	673,276	716
Operating costs	(3,378,397)	(1,046,571)	(1,175,835)	129,264
Information technology costs	2,162	7,525	7,524	1
Capital acquisitions	2,421,734	515,492	515,492	
Fleet Management:				
Operating costs		1		1
Capital acquisitions		1,200		1,200
Records Management:				
Salaries and personnel costs	344,412	344,412	343,601	811
Operating costs	16,292	16,292	9,547	6,745
Information technology costs	2,691	2,691		2,691
Capital acquisitions	6,500			
Central Mailroom:				
Salaries and personnel costs	185,402	185,402	175,966	9,436
Operating costs	554,311	554,311	549,139	5,172
Facilities Management and Planning:				
Salaries and personnel costs	563,045	569,140	569,140	
Operating costs	48,049	33,602	32,001	1,601
Information technology costs		9,205	9,073	132
Capital acquisitions		5,242	5,242	
Facilities Maintenance:				
Salaries and personnel costs	645,167	602,353	601,632	721
Operating costs	642,818	719,008	698,610	20,398
Information technology costs		1,617	1,617	
Facilities Operations:				
Salaries and personnel costs	186,880	190,278	190,277	1
Operating costs	3,997,754	3,888,415	3,878,087	10,328
Capital acquisitions		17,339	17,339	
Janitorial:				
Salaries and personnel costs	525,546	479,105	478,251	854
Operating costs	442,559	455,787	451,445	4,342
Jail Maintenance:				
Salaries and personnel costs	400,996	434,676	434,675	1
Operating costs	682,758	746,028	742,417	3,611
Information technology costs	15,800	40,500	39,720	780
Capital acquisitions	65,200	7,230	7,230	

FORT BEND COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Interdepartmental Construction:				
Salaries and personnel costs	937,602	859,898	859,821	77
Operating costs	35,800	35,800	33,384	2,416
County Attorney:				
Salaries and personnel costs	1,931,095	1,895,030	1,894,643	387
Operating costs	133,665	116,260	100,789	15,471
Information technology costs	7,447	9,852	6,422	3,430
Information Technology:				
Salaries and personnel costs	4,138,905	4,008,257	4,008,067	190
Operating costs	2,375,570	2,161,376	2,097,219	64,157
Information technology costs	24,480	46,679	45,588	1,091
Capital acquisitions		51,158	50,887	271
Purchasing:				
Salaries and personnel costs	739,893	739,893	730,535	9,358
Operating costs	26,096	28,198	27,357	841
Information technology costs		2,215	1,562	653
Capital Outlay-General Fund:				
Capital acquisitions	3,721,735			
Total General Administration	46,830,466	42,022,645	41,694,598	328,047
Financial Administration				
County Auditor:				
Salaries and personnel costs	1,903,405	1,891,539	1,883,570	7,969
Operating costs	24,635	22,935	18,119	4,816
Information technology costs	500	2,200	2,106	94
County Treasurer:				
Salaries and personnel costs	685,297	685,297	681,458	3,839
Operating costs	176,910	216,110	199,597	16,513
Information technology costs		500	330	170
Court Collections:				
Salaries and personnel costs	110,689	110,689	105,910	4,779
Operating costs	15,650	15,590	14,658	932
Information technology costs		60	60	
EMS Collections:				
Salaries and personnel costs	386,535	386,535	380,764	5,771
Operating costs	78,063	146,463	137,426	9,037
Information technology costs		1,600	856	744
Tax Assessor/Collector:				
Salaries and personnel costs	3,726,944	3,716,637	3,710,724	5,913
Operating costs	304,804	283,001	282,671	330
Information technology costs	2,686	7,101	6,866	235
Capital acquisitions		17,388	17,388	
Budget Office:				
Salaries and personnel costs	449,969	449,969	447,968	2,001
Operating costs	13,402	13,336	10,786	2,550
Information technology costs		66	66	
Total Financial Administration	7,879,489	7,967,016	7,901,323	65,693

FORT BEND COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Administration of Justice				
County Court-at-Law #1:				
Salaries and personnel costs	484,398	497,955	488,908	9,047
Operating costs	230,600	414,681	414,679	2
Capital acquisitions	526	526	526	
County Court-at-Law #2:				
Salaries and personnel costs	485,390	490,448	487,059	3,389
Operating costs	229,630	398,112	398,112	
County Court-at-Law #3:				
Salaries and personnel costs	502,044	506,044	500,818	5,226
Operating costs	229,875	580,189	579,994	195
Information technology costs	80	798	142	656
County Court-at-Law #4:				
Salaries and personnel costs	496,807	496,807	490,332	6,475
Operating costs	226,323	849,142	848,698	444
Capital acquisitions		550	526	24
Associate County Court-at-Law:				
Salaries and personnel costs	230,853	230,853	226,469	4,384
Operating costs	15,844	19,326	19,223	103
Information technology costs		600	518	82
240th District Court:				
Salaries and personnel costs	247,402	247,402	243,948	3,454
Operating costs	221,596	753,802	753,760	42
268th District Court:				
Salaries and personnel costs	247,340	240,820	239,143	1,677
Operating costs	241,552	438,505	438,485	20
328th District Court:				
Salaries and personnel costs	402,590	402,590	397,993	4,597
Operating costs	225,000	375,568	375,567	1
Information technology costs		456	456	
387th District Court:				
Salaries and personnel costs	399,193	399,193	396,312	2,881
Operating costs	156,500	189,747	189,625	122
400th District Court:				
Salaries and personnel costs	248,973	248,973	246,885	2,088
Operating costs	220,500	628,920	626,627	2,293
Capital acquisitions	533	533		533
434th District Court:				
Salaries and personnel costs	248,219	249,619	247,544	2,075
Operating costs	227,700	1,733,496	1,732,831	665
Child Support:				
Salaries and personnel costs	426,871	419,247	415,028	4,219
Operating costs	16,691	16,691	15,005	1,686

FORT BEND COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
District Clerk:				
Salaries and personnel costs	3,561,004	3,485,801	3,484,903	898
Operating costs	173,018	166,200	156,569	9,631
Information technology costs	3,450	25,268	23,952	1,316
Capital acquisitions	7,640			
District Clerk Jury Payments:				
Operating costs	275,000	235,000	234,270	730
Justice of the Peace Precinct #1, Place 1:				
Salaries and personnel costs	452,021	452,021	444,945	7,076
Operating costs	11,133	11,133	10,247	886
Justice of the Peace Precinct #1, Place 2:				
Salaries and personnel costs	607,972	592,544	591,699	845
Operating costs	17,999	17,999	17,773	226
Justice of the Peace Precinct #2:				
Salaries and personnel costs	488,688	444,065	443,874	191
Operating costs	20,505	19,955	17,165	2,790
Information technology costs		550	452	98
Justice of the Peace Precinct #3:				
Salaries and personnel costs	552,823	552,823	550,246	2,577
Operating costs	10,950	10,927	8,701	2,226
Information technology costs		23	23	
Justice of the Peace Precinct #4:				
Salaries and personnel costs	433,057	433,057	426,287	6,770
Operating costs	14,070	16,670	12,468	4,202
Bail Bond Board:				
Salaries and personnel costs	80,035	80,035	79,396	639
Operating costs	5,514	5,468	2,674	2,794
Information technology costs		46	45	1
District Attorney:				
Salaries and personnel costs	7,529,502	7,415,841	7,415,054	787
Operating costs	409,327	237,190	228,416	8,774
Capital acquisitions	7,640	24,069	23,304	765
Public Defender - Mental Health:				
Salaries and personnel costs	412,634	386,261	385,435	826
Operating costs	196,470	35,672	31,611	4,061
Information technology costs		111	86	25
District Judges Fees/Services:				
Operating costs	3,000,000			
Sheriff Detention Operating:				
Salaries and personnel costs	21,831,889	21,464,976	21,464,092	884
Operating costs	5,189,916	5,382,811	5,293,160	89,651
Information technology costs	19,010	19,010	17,192	1,818
Capital acquisitions	12,312	12,312	8,841	3,471
Sheriff - Bailiffs:				
Salaries and personnel costs	2,358,245	2,391,771	2,383,774	7,997
Operating costs	39,720	44,763	39,661	5,102
Information technology costs		927	420	507

FORT BEND COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
240th,400th Dist Ct Assoc Jdg:				
Salaries and personnel costs	312,880	256,900	253,640	3,260
Operating costs	28,398	20,333	17,934	2,399
Information technology costs	150	150	142	8
Indigent Defense Program:				
Salaries and personnel costs	190,424	199,988	198,148	1,840
Operating costs	45,209	65,345	65,345	
Information technology costs	774	946	946	
Behavioral Health Services:				
Salaries and personnel costs	187,882	187,882	184,467	3,415
Operating costs	6,562	6,596	5,300	1,296
Information technology costs	774	740	65	675
268th,434th Dist Ct Assoc Jdg:				
Salaries and personnel costs		72,417	72,417	
Operating costs		25,142	19,985	5,157
Information technology costs		7,255	7,075	180
Capital acquisitions		500		500
Death Investigators:				
Operating costs	24,350	24,350	22,429	1,921
Adult Probation Operating:				
Salaries and personnel costs	59,151	62,795	59,316	3,479
Operating costs	83,988	78,388	71,985	6,403
Capital acquisitions		5,600	5,383	217
CSR Program:				
Salaries and personnel costs	286,005	259,005	251,796	7,209
Operating costs	10,091	10,091	8,629	1,462
Drug Court - County:				
Operating costs	55,000	55,000	50,297	4,703
Juvenile Truancy Court:				
Salaries and personnel costs	294,750	297,470	292,943	4,527
Operating costs	10,080	9,616	9,214	402
Information technology costs	2,256			
Total Administration of Justice	55,983,298	56,443,401	56,169,404	273,997
Construction and Maintenance				
Carpenter Shop:				
Salaries and personnel costs		2,065	2,064	1
Engineering:				
Salaries and personnel costs	1,755,172	1,759,439	1,757,466	1,973
Operating costs	403,365	281,396	248,312	33,084
Information technology costs	16,115	22,115	14,977	7,138
Capital acquisitions		50,993	50,993	
Landfill:				
Salaries and personnel costs	41,963	41,963	35,221	6,742
Operating costs	90,940	90,940	67,513	23,427

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Recycling Center:				
Salaries and personnel costs	128,212	122,663	112,773	9,890
Operating costs	19,314	19,314	16,769	2,545
Household/Ag Waste Program:				
Salaries and personnel costs	43,787	24,787	23,796	991
Operating costs	50,720	50,720	43,020	7,700
Total Construction and Maintenance	2,549,588	2,466,395	2,372,904	93,491
Health and Welfare				
Ambulance - EMS:				
Salaries and personnel costs	7,990,362	7,728,337	7,728,424	(87)
Operating costs	1,349,127	1,101,709	1,041,413	60,296
Information technology costs	22,990	150,410	150,410	
Capital acquisitions	422,870	739,490	736,579	2,911
Public Transportation:				
Salaries and personnel costs		12,013	12,828	(815)
Operating costs	4,096,095	12,090	4,410	7,680
Health Department - County:				
Salaries and personnel costs	513,381	399,870	399,801	69
Operating costs	39,720	39,470	28,373	11,097
Information technology costs		250	211	39
Clinical Health Immunization:				
Salaries and personnel costs	268,692	285,860	285,860	
Operating costs	28,168	28,168	14,674	13,494
Animal Control:				
Salaries and personnel costs	677,939	643,457	633,530	9,927
Operating costs	145,368	145,370	113,152	32,218
Information technology costs		14,549	13,081	1,468
Capital acquisitions		35,960	35,960	
Health and Human Services:				
Salaries and personnel costs	453,796	453,796	449,596	4,200
Operating costs	412,340	616,760	613,715	3,045
Information technology costs		1,000	982	18
Capital acquisitions		4,030	4,029	1
Senior Center:				
Salaries and personnel costs	181,334	181,406	180,963	443
Operating costs	19,900	21,900	19,885	2,015
Information technology costs	100	100	97	3
Environmental Services:				
Salaries and personnel costs	1,242,181	1,192,454	1,192,306	148
Operating costs	205,015	143,848	132,376	11,472
Information technology costs	1,624	17,960	17,886	74
Capital acquisitions		63,380	63,379	1
CIHC Coordinator - County:				
Salaries and personnel costs	552,413	506,651	506,640	11
Operating costs	2,127,163	1,287,323	1,276,289	11,034
Information technology costs		400	400	
Capital acquisitions		440		440

FORT BEND COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Social Services:				
Salaries and personnel costs	657,266	638,245	627,908	10,337
Operating costs	246,004	216,364	214,916	1,448
Capital acquisitions		690	690	
Total Health and Welfare	21,653,848	16,683,750	16,500,763	182,987
Cooperative Services				
Extension Service:				
Salaries and personnel costs	483,696	440,935	440,237	698
Operating costs	324,092	324,092	303,437	20,655
Veterans Service:				
Salaries and personnel costs	191,911	191,911	191,688	223
Operating costs	11,208	11,208	8,386	2,822
Total Cooperative Services	1,010,907	968,146	943,748	24,398
Public Safety				
Civil Service Commission:				
Salaries and personnel costs	76,607	76,607	76,173	434
Operating costs	15,200	15,200	4,649	10,551
Information technology costs	130	130	71	59
Fire Marshal:				
Salaries and personnel costs	822,743	797,728	793,781	3,947
Operating costs	1,708,387	1,618,898	1,606,576	12,322
Information technology costs	345	9,488	9,205	283
Capital acquisitions		108,633	108,632	1
Department of Public Safety:				
Salaries and personnel costs	110,354	110,354	110,035	319
Operating costs	6,462	6,462	5,840	622
Information technology costs	500	500	496	4
DPS - License and Weight:				
Operating costs	3,833	3,833	3,060	773
Information technology costs	305	305	282	23
Constable Precinct #1:				
Salaries and personnel costs	1,411,010	1,412,394	1,411,861	533
Operating costs	331,921	176,988	175,782	1,206
Capital acquisitions		149,222	149,222	
Constable Precinct #2:				
Salaries and personnel costs	1,344,536	1,345,739	1,344,177	1,562
Operating costs	232,237	159,313	148,169	11,144
Information technology costs	7,850	1,416	1,415	1
Capital acquisitions		85,764	85,752	12
Constable Precinct #3:				
Salaries and personnel costs	891,072	885,084	884,570	514
Operating costs	252,617	110,431	99,031	11,400
Capital acquisitions		142,186	142,185	1

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Constable Precinct #4:				
Salaries and personnel costs	862,136	854,909	854,748	161
Operating costs	237,357	50,546	47,356	3,190
Information technology costs		300	227	73
Capital acquisitions		192,031	192,030	1
Sheriff Enforcement Operating:				
Salaries and personnel costs	27,034,330	25,877,362	25,876,611	751
Operating costs	4,876,061	3,584,368	3,484,522	99,846
Information technology costs	57,263	79,730	74,146	5,584
Capital acquisitions	98,309	1,260,490	1,263,041	(2,551)
Commissary Administration:				
Salaries and personnel costs	151,518	29,429	29,340	89
Operating costs		6,031	6,031	
Capital acquisitions		38,552	38,491	61
Emergency Management - County:				
Salaries and personnel costs	465,854	467,716	463,091	4,625
Operating costs	112,660	109,998	99,060	10,938
Information technology costs		800	745	55
Total Public Safety	41,111,597	39,768,937	39,590,403	178,534
Parks and Recreation				
Fairgrounds:				
Salaries and personnel costs	402,319	379,660	371,995	7,665
Operating costs	52,750	82,882	79,316	3,566
Information technology costs		256	256	
Capital acquisitions	12,333	82,817	82,817	
Jones Creek Ranch:				
Salaries and personnel costs		155,038	154,865	173
Operating costs		83,200	65,807	17,393
Information technology costs		3,000	2,911	89
Capital acquisitions		175,400	170,968	4,432
Parks Department:				
Salaries and personnel costs	1,167,177	1,067,059	1,066,557	502
Operating costs	715,567	591,895	532,765	59,130
Information technology costs		6,948	5,677	1,271
Capital acquisitions		105,567	104,130	1,437
Total Parks and Recreation	2,350,146	2,733,722	2,638,064	95,658
Libraries and Education				
County Library Operating:				
Salaries and personnel costs	10,640,549	10,400,678	10,400,248	430
Operating costs	3,064,104	3,032,170	2,996,406	35,764
Information technology costs	167,280	151,195	151,154	41
Capital acquisitions	31,500	87,932	87,930	2
Total Libraries and Education	13,903,433	13,671,975	13,635,738	36,237
Total Expenditures	193,272,772	182,725,987	181,446,945	1,279,042

FORT BEND COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Excess of Revenues Over Expenditures	3,347,318	19,365,241	29,259,938	9,894,697
Other Financing (Uses)				
Transfers (out)	(11,087,006)	(11,033,856)	(14,066,553)	(3,032,697)
Total Other Financing (Uses)	(11,087,006)	(11,033,856)	(14,066,553)	(3,032,697)
Net Change in Fund Balance-Budgetary Basis	(7,739,688)	8,331,385	15,193,385	6,862,000
Net Adjustment to Reflect Operations in Accordance with GAAP (a)			(15,075,507)	
Fund Balance, Beginning of Year	37,406,622	37,406,622	37,406,622	
Fund Balance, End of Year	$ 29,666,934	$ 45,738,007	$ 37,524,500	$ 6,862,000

(a) See reconciliation on page 73.

Budgets

Formal budgets are legally adopted on a GAAP basis for the General Fund, certain Special Revenue Funds and all Debt Service Funds except for the Fort Bend Parkway Road District Unlimited Tax Bonds Debt Service Fund. The debt service requirements relating to the Parkway bonds are funded solely from property taxes levied on property within the Road District. The County does not present any major Special Revenue Funds as of September 30, 2014, regardless of whether there is a legally adopted budget.

Formal budgets (annualized budgeting) are not adopted in the Capital Projects Funds. Effective budgetary control in those funds is achieved through individual project budgeting in conformance with the provisions of bond orders and other sources.

The County Budget Officer prepares the proposed budget and submits the data to the Commissioners Court. A public hearing is held on the budget before finalizing it. The 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 year, appropriations of the budgeted funds cannot exceed the available fund balances in such funds at October 1, plus the estimated revenues for the ensuing year. During the year, the Court may increase budgeted revenues and expenditures for unexpected revenues or beginning fund balances in excess of budget estimates, provided the Court rules that a state of emergency exists. The legal level of budgetary control takes place at the major operating group level within each department. The four major operating groups are: salary and personnel costs, operating and training costs, information technology costs, and capital acquisition costs. Budgetary transfers between major operating groups within each department require Commissioners Court approval.

Amounts reported in the accompanying financial statements represent the original budgeted amount plus all supplemental appropriations.

Budgetary Basis

Fort Bend County budgets for operational and capital activity through the fiscal year budget process for the General Fund, Road & Bridge, Drainage, and Debt Service Fund. The General Fund includes a multi-year budget that is not confined to the fiscal year ending September 30. This multi-year budget is used to account for capital projects, grants, and other activity expanding beyond the fiscal year. The funding for these projects and grants originates from a prior or current fiscal year budget allocation that is then transferred to the multi-year project budget. The following schedule shows a reconciliation of the actual activity in the General Fund in the fiscal year from a budgetary to GAAP basis.

	Actual Amounts Budgetary Basis	Actual Multi-Year	Actual Amounts GAAP Basis
General Fund			
Revenues	$ 210,706,883	$ 23,863,623	$ 234,570,506
Expenditures	181,446,945	38,948,914	220,395,859
Excess (Deficiency) of Revenues Over (Under) Expenditures	29,259,938	(15,085,291)	14,174,647
Other Financing Sources (Uses)			
Transfers in		9,784	9,784
Transfers (out)	(14,066,553)		(14,066,553)
Total Other Financing Sources (Uses)	(14,066,553)	9,784	(14,056,769)
Net Change in Fund Balance	15,193,385	(15,075,507)	117,878
Fund Balance, Beginning of Year			37,406,622
Fund Balance, End of Year			$ 37,524,500

Excess of Expenditures over Appropriations

For the year ended September 30, 2014, significant variances where expenditures exceeded appropriations in the following budget categories are detailed below:

General Fund:	
General Administration:	
Non-Departmental - Capital acquisitions	$ 144,965
Other Financing (Uses)	
Transfers (out)	3,032,697
Debt Service Fund:	
Total expenditures	28,323

All of the excess expenditures above were funded by other budget categories within those departments or categories. The excess expenditures in Non-Departmental – Capital acquisitions was caused by corrections made for capital acquisition costs made by the Other Self-Funded Insurance Fund (an Internal Service Fund). The excess expenditures in Other Financing (Uses) – Transfers out were caused by an unbudgeted transfer to fund the property and casualty claims in the Other Self-funded Insurance Fund. The excess expenditures in the Debt Service Fund were caused by the bond issuance costs of the 2014 Unlimited Tax Road Refunding Bonds, which were unbudgeted.

FORT BEND COUNTY, TEXAS

REQUIRED PENSION SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
September 30, 2014

Schedule of Funding Information

Actuarial valuation date	12/31/2011	12/31/2012	12/31/2013
Actuarial value of assets	$ 277,022,916	$ 293,944,235	$ 317,963,410
Actuarial accrued liability ("AAL")	$ 334,116,854	$ 357,211,910	$ 378,799,769
liability ("UAAL" or "OAAL")	$ 57,093,938	$ 63,267,675	$ 60,836,359
Funded ratio	82.91%	82.29%	83.94%
Annual covered payroll (actuarial)	$ 108,712,740	$ 109,715,087	$ 112,043,745
UAAL or OAAL as % of covered payroll	52.52%	57.67%	54.30%

FORT BEND COUNTY, TEXAS

REQUIRED OTHER POST EMPLOYMENT BENEFIT SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FORT BEND COUNTY EMPLOYEE BENEFIT PLAN
September 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Discount Rate	Actuarial Accrued Liability ("AAL") (b)	Unfunded Actuarial Accrued Liability ("UAAL") (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as % of Covered Payroll
10/1/2007	$ 0	4.0%	$ 207,157,655	$ 207,157,655	0.0%	$ 92,096,921	224.9%
10/1/2009	$ 0	4.0%	$ 240,282,297	$ 240,282,297	0.0%	$ 104,983,019	228.9%
10/1/2011	$ 0	4.0%	$ 255,897,447	$ 255,897,447	0.0%	$ 108,712,740	235.4%
10/1/2013	$ 0	4.0%	$ 283,630,840	$ 283,630,840	0.0%	$ 112,043,745	253.1%

Note: Actuarial information is only available for Fort Bend County back to fiscal year 2008, the year that the County implemented GASB 45.

APPENDIX B

EXCERPTS FROM THE AUTHORITY'S FINANCIAL REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2014

Sandersen Knox & Co, L.L.P.
Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Fort Bend County Toll Road Authority
Fort Bend County, Texas

We have audited the accompanying financial statements of the Fort Bend County Toll Road Authority (the "Authority") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fort Bend County Toll Road Authority as of September 30, 2014, 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.

Emphasis of Matter

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, 2014, 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. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory and other supplementary information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and other supplementary information 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.

Sugar Land, Texas
March 12, 2015

FORT BEND COUNTY TOLL ROAD AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Fort Bend County Toll Road Authority (the "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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements include two components: the enterprise fund financial statements; and notes to the financial statements.

Enterprise Fund Financial Statements

The Fort Bend County Toll Road Authority is a local government corporation and a component unit of Fort Bend County (the "County"). It is a single-purpose government with one business-type activity. Because the Authority is a single-purpose government, this report only includes the required Management Discussion and Analysis, the Enterprise Fund financial statements and the notes to the financial statements. The Enterprise Fund financial statements consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The enterprise fund financial statements, which can be found on pages 11 through 13 of this report, are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to private-sector businesses.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the enterprise fund financial statements. The notes to the financial statements can be found on pages 14 through 20 of this report.

Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by $72,302,410 at the close of the most recent fiscal year.

FORT BEND COUNTY TOLL ROAD AUTHORITY
CONDENSED STATEMENT OF NET POSITION
September 30, 2014 and 2013

	2014	2013
Current and other assets	$ 68,737,293	$ 65,076,646
Capital assets, net	163,786,819	160,953,472
Total Assets	232,524,112	226,030,118
Total Deferred Outflow of Resources	10,850,203	11,460,051
Long-term liabilities	167,870,110	171,321,306
Other liabilities	3,201,795	3,084,007
Total Liabilities	171,071,905	174,405,313
Net Position:		
Net investment in capital assets	11,026,993	12,201,229
Restricted	2,915,323	2,592,517
Unrestricted	58,360,094	48,291,110
Total Net Position	$ 72,302,410	$ 63,084,856

As of September 30, 2014, the Authority's net position included $11,026,993 for investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Authority uses capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Authority'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.

An additional portion of the Authority net position, $2,915,323, is restricted. This amount represents funds held by a trustee for debt service payments. The remaining balance of $58,360,094 is unrestricted.

The Authority's assets exceeded its liabilities by $72,302,410, resulting in an increase in net position of $9,217,554 from the prior year. This increase is a result of an increase in revenues due primarily to increased utilization of the Fort Bend County Toll Road System, offset by a slight increase in operating expenses, as shown on the next page. The growth in net position is being maintained in the revenue fund for future maintenance and construction.

FORT BEND COUNTY TOLL ROAD AUTHORITY
STATEMENT OF CHANGES IN NET POSITION
For the years ended September 30, 2014 and 2013

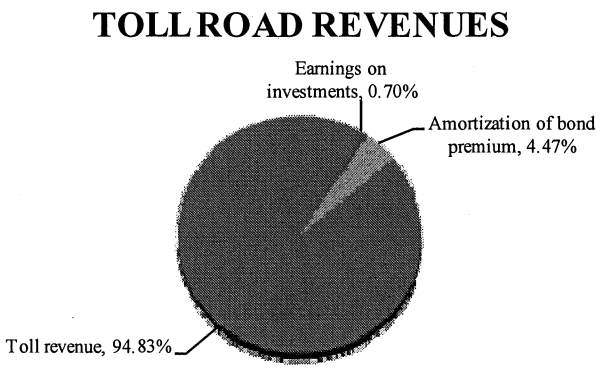
	2014	2013
Revenues		
Operating revenues:		
Toll revenue	$ 23,724,115	$ 21,853,536
Non-operating revenues:		
Earnings on investments	175,305	180,323
Amortization of bond premium	1,117,852	1,109,451
Miscellaneous income	2,065	
Total Revenues	25,019,337	23,143,310
Expenses		
Operating expenses:		
Salaries and personnel costs	33,669	31,549
Fees	3,897,378	3,253,537
Utilities	125,403	120,737
Depreciation	4,166,469	3,870,676
Non-operating expenses:		
Interest on long-term debt	7,552,458	7,652,789
Debt service fees	14,750	17,750
Amortization of bond discounts	11,656	11,656
Total Expenses	15,801,783	14,958,694
Change in Net Position	9,217,554	8,184,616
Net Position, Beginning	63,084,856	54,900,240
Net Position, Ending	$ 72,302,410	$ 63,084,856

At the end of the current fiscal year, the Authority was able to report a positive balance in net position. The same situation held true for the prior fiscal year.

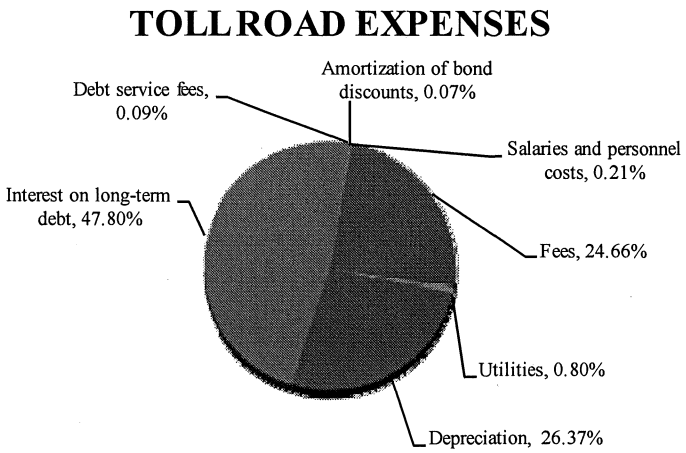
Toll Road operations increased the Authority's net position by $9,217,554. This increase is up from last year's increase of $8,184,616. The key elements of the change in increase of $1,032,938 in net position are as follows:

- Increase in toll revenue of $1,870,579 primarily due to increased utilization.
- Increase in fees of $643,841 due to increased maintenance costs of the system.

Toll Road revenues for fiscal year 2014 are graphically displayed as follows:



Toll Road expenses for fiscal year 2014 are graphically displayed as follows:



Capital Assets and Debt Administration

Capital Assets - At the end of fiscal year 2014, the Authority had $163,786,819 invested in toll road land, construction in progress, and infrastructure, net of accumulated depreciation, as reflected in the following schedule. This represents a decrease of $2,833,347 from the previous fiscal year.

FORT BEND COUNTY TOLL ROAD AUTHORITY'S CAPITAL ASSETS

	2014	2013
Non-Depreciable Capital Assets		
Land	$ 12,493,128	$ 12,436,639
Construction in progress	5,999,750	22,719,851
Other Capital Assets, Net		
Infrastructure	145,293,941	125,796,982
Totals	$ 163,786,819	$ 160,953,472

Increase in toll road infrastructure of $19,496,959 and decrease in toll road construction in progress of $16,720,101 was primarily the result of completion of the Parkway-B extension for the Fort Bend County Toll Road System.

Long-Term Debt - At the end of the current fiscal year, the Authority had total bonds outstanding of $149,235,000.

LONG-TERM DEBT

	2014	2013
Revenue bonds	$ 149,235,000	$ 151,580,000
Premiums on bonds	18,934,290	20,052,142
Discounts on bonds	(299,180)	(310,836)
Total	$ 167,870,110	$ 171,321,306

The County and Authority received an insured rating of Aaa from Moody's and Standard and Poors on the 2003 and 2004 Toll Road bond issuances, and uninsured ratings of Aa2 and AA+ from Moody's and Standard and Poors, respectively. The County and Authority received uninsured ratings of Aa1 and AA+ from Moody's and Fitch, respectively on the 2012 Refunding issue. The Authority received uninsured ratings of A2 and A+ from Moody's and Fitch, respectively on the 2012 Senior Lien issue.

Economic Factors

The population of the County is estimated at 652,365 in 2014 and is expected to grow to 776,950 by 2020.

The number of households has increased to 220,070 in 2015 and is expected to grow to 255,510 by 2020. Mean household income for 2015 is $172,088 and is estimated to rise to $204,744 by 2020. Income per capita is currently at $56,291 and is expected to grow to $67,786 by 2020.

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 701, 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 TOLL ROAD AUTHORITY

STATEMENT OF NET POSITION

September 30, 2014

Assets	
Cash and cash equivalents	$ 66,677,966
Due from Fort Bend Grand Parkway Toll Road Authority	167,765
Miscellaneous receivables	1,891,562
Capital assets, not subject to depreciation	18,492,878
Capital assets, net of accumulated depreciation	145,293,941
Total Assets	232,524,112
Deferred Outflow of Resources	
Deferred charges-debt refunding	10,850,203
Total Deferred Outflow of Resources	10,850,203
Liabilities	
Due to primary government	2,627,293
Accrued interest payable	574,502
Long-term liabilities due within one year	2,575,000
Long-term liabilities due in more than one year	165,295,110
Total Liabilities	171,071,905
Net Position	
Net investment in capital assets	11,026,993
Restricted for:	
Debt service	2,915,323
Unrestricted	58,360,094
Total Net Position	$ 72,302,410

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY TOLL ROAD AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended September 30, 2014

Operating Revenue	
Toll revenue	$ 23,724,115
Total Operating Revenue	23,724,115
Operating Expenses	
Salaries and personnel costs	33,669
Fees	3,897,378
Utilities	125,403
Depreciation	4,166,469
Total Operating Expenses	8,222,919
Operating Income	15,501,196
Non-Operating Revenues	
Earnings on investments	175,305
Amortization of bond premiums	1,117,852
Miscellaneous income	2,065
Total Non-Operating Revenues	1,295,222
Non-Operating Expenses	
Interest on long-term debt	7,552,458
Debt service fees	14,750
Amortization of bond discounts	11,656
Total Non-Operating Expenses	7,578,864
Change in Net Position	9,217,554
Net Position, Beginning of Year	63,084,856
Net Position, End of Year	$ 72,302,410

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY TOLL ROAD AUTHORITY

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2014

Cash Flows from Operating Activities	
Receipts from tolls and other	$ 23,509,937
Payment of toll operation expenses	(4,056,450)
Net Cash Provided by Operating Activities	19,453,487
Cash Flows from Investing Activities	
Interest earned on investments	175,305
Net Cash Provided by Investing Activities	175,305
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(7,750,516)
Repayment of loan to Fort Bend Grand Parkway Toll Road Authority	(167,765)
Loan from primary government	880,324
Principal paid on capital debt	(2,345,000)
Interest expense	(6,967,131)
Net Cash (Used) by Capital and Related Financing Activities	(16,350,088)
Net Increase in Cash and Cash Equivalents	3,278,704
Cash and Cash Equivalents, Beginning of Year	63,399,262
Cash and Cash Equivalents, End of Year	$ 66,677,966
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	$ 15,501,196
Adjustments to operations:	
Depreciation	4,166,469
Change in assets and liabilities:	
(Increase) in other receivables	(214,178)
Total adjustments	3,952,291
Net Cash Provided by Operating Activities	$ 19,453,487

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

These financial statements include all of the funds and activities of the Fort Bend County Toll Road Authority (the "Authority"). The Authority is a component unit of Fort Bend County, Texas (the "County"). Financial statements of the Authority are included as a discretely presented component unit in the County's financial statements.

The Authority is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. It 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 County Toll Road System. This Fort Bend County Toll Road System currently includes the Fort Bend Parkway Toll Road that extends from Sam Houston Parkway in Harris County to State Highway 6 in Fort Bend County near Sienna Plantation. It also includes the Westpark Tollway that extends from the Fort Bend County line to State Highway 99. The primary criteria for the inclusion of the Authority in the County's reporting entity, is that of financial accountability. The Commissioners Court, as 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. Implementation of New Standard

In the current fiscal year, the Authority implemented the following new standard:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB 65 is reflected in the financial statements and notes to the financial statements.

Also, with this implementation, deferred charges, which consist of bond issuance costs and were amortized over the term of the bonds, are no longer recognized, but are accounted for as an expense in the period incurred. Therefore, the beginning net position on the Statement of Activities has been adjusted to reflect the portion of deferred charges that were incurred in prior years.

Net Position, Beginning	$ 64,515,621
Adjustment for Deferred Charges	(1,430,765)
Net Position, Restated	$ 63,084,856

C. 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 position.

D. Cash and Cash Equivalents

The Authority's cash and cash equivalents consist of demand deposits and investment pools.

E. Receivables

Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

F. Capital Assets

Capital assets consist of infrastructure, land, and construction in progress, that are 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.

The Authority applies a half-year convention for depreciation on all capital assets. Therefore, one-half year of depreciation is charged to operations the first and last year that a capital asset is in service. Depreciation is computed using the straight-line method over an estimated useful life of 20 to 40 years.

G. Use of 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.

H. Restricted/Unrestricted Net Position

It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

I. Date of Management's Review

In preparing the financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through March 12, 2015, 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.

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%

As of September 30, 2014, 94.3% 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 utilizing weighted average maturity analysis. In accordance with its investment policy, the County reduces the Authority's 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	$ 62,895,666	1	94.3%
Investment Pools:			
Texas CLASS	290,453	43	0.4%
TexasTERM	1,007	47	0.0%
LOGIC	1,015	59	0.0%
Wells Fargo 100 % Treasury Money Market Fund	895,130	50	1.3%
Wells Fargo Government Money Market Fund	2,594,695	33	3.9%
Total Fair Value	$ 66,677,966		
Portfolio weighted average maturity (days)		3	

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.

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, 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.

Wells Fargo 100% Treasury Money Market Fund seeks current income exempt from most state and local individual income taxes, while preserving capital and liquidity. It invests in high-quality, short-term money market instruments that consist of U.S. Treasury obligations.

Wells Fargo Government Money Market Fund seeks current income, while preserving capital and liquidity. It invests in high-quality, short-term money market instruments that consist of U.S. Government obligations and repurchase agreements collateralized by U.S. Government obligations.

D. Credit Risk

The County's investment policy, which includes the Authority, does not require investments to hold certain credit ratings issued by nationally recognized statistical rating organizations. As of September 30, 2014, the Authority's investments in Texas CLASS, Texas TERM, and LOGIC were rated "AAAm" by Standard and Poor's. The Authority's investments in both Wells Fargo Money Market Funds were rated "AAAm" and "Aaa-mf" by Standard and Poor's and Moody's Investments, respectively.

NOTE 3 – RECEIVABLES

Receivables as of September 30, 2014, consist of toll revenue due from the Harris County Toll Road Authority, net of applicable fees.

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2014, is as follows:

	Balances 10/1/13	Increases	Decreases	Balances 9/30/14
Business-type Activities:				
Capital assets not being depreciated:				
Land	$ 12,436,639	$ 56,489	$	$ 12,493,128
Construction in progress	22,719,851	6,943,327	(23,663,428)	5,999,750
Total capital assets not depreciated	35,156,490	6,999,816	(23,663,428)	18,492,878
Other capital assets:				
Infrastructure	158,727,154	23,663,428		182,390,582
Total other capital assets	158,727,154	23,663,428		182,390,582
Accumulated depreciation for:				
Infrastructure	(32,930,172)	(4,166,469)		(37,096,641)
Total accumulated depreciation	(32,930,172)	(4,166,469)		(37,096,641)
Other capital assets, net	125,796,982	19,496,959		145,293,941
Total capital assets	$ 160,953,472	$ 26,496,775	$ (23,663,428)	$ 163,786,819

Depreciation expense for the Authority for the year ended September 30, 2014, totaled $4,166,469. Construction in progress is primarily comprised of activity on the Westpark section B and Parkway section B extensions. The contract commitments as of September 30, 2014 are as follows:

Westpark B Engineering and Right of Way	$ 3,814,638
Parkway B-1 Toll Conversion	371,866
Parkway B-1 Construction	37,287
Total	$ 4,223,791

NOTE 5 – LONG-TERM DEBT

The Authority issued subordinate lien revenue bonds for the purpose of financing the construction of the Toll Road System. These subordinate lien revenue bonds are paid through the Authority's Debt Service Fund from toll fees collected by the Authority. The following is a summary of the outstanding subordinate lien revenue bonds as of September 30, 2014:

Original Issue	Description	Interest Rate %	Matures	Debt Outstanding
Revenue Bonds				
$ 72,195,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2004	4.00 - 5.00	2015	$ 1,520,000
30,775,000	Senior Lien Toll Road Revenue Bonds, Series 2012	2.00 - 4.125	2040	30,775,000
116,940,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Refunding Bonds Series 2012	3.125 - 5.00	2032	116,940,000
	Total Revenue Bonds			$ 149,235,000

A summary of the long-term liability transactions of the Authority for the year ended September 30, 2014 is as follows:

	Balances 10/1/13	Additions	Retirements	Balances 9/30/14	Amounts Due Within One Year
Revenue bonds	$ 151,580,000		$ (2,345,000)	$ 149,235,000	$ 2,575,000
Premiums on bonds	20,052,142		(1,117,852)	18,934,290	
Discounts on bonds	(310,836)		11,656	(299,180)	
Totals	$ 171,321,306	$	$ (3,451,196)	$ 167,870,110	$ 2,575,000

Annual debt service requirements to maturity are summarized as follows:

	Principal	Interest	Totals
2015	$ 2,575,000	$ 6,834,925	$ 9,409,925
2016	3,745,000	6,705,875	10,450,875
2017	4,470,000	6,552,225	11,022,225
2018	5,315,000	6,343,712	11,658,712
2019	5,850,000	6,107,337	11,957,337
2020-2024	35,560,000	25,953,197	61,513,197
2025-2029	45,390,000	16,340,913	61,730,913
2030-2034	35,880,000	5,050,594	40,930,594
2035-2039	8,535,000	1,292,563	9,827,563
2040	1,915,000	39,497	1,954,497
Totals	$ 149,235,000	$ 81,220,838	$ 230,455,838

In the bond resolutions, the Authority has 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 obligated to advance funds to pay the bonds. Under the agreement, the Authority will be obligated to provide certain updated financial information and operational data annually, and timely notice of specified material events, and certain information to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

NOTE 6 - 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, 2014.

NOTE 7 – STATEWIDE INTEROPERABILITY OF ELECTRONIC TOLL COLLECTIONS

The Fort Bend Grand Parkway Toll Road Authority ("FBGPTRA") entered into an agreement by resolution on October 29, 2013 to participate in the Statewide Interoperability of Electronic Toll Collections with Texas Department of Transportation, Harris County (acting through Harris County Toll Road Authority), North Texas Tollway Authority, and Central Texas Regional Mobility Authority, for the collection of tolls from customers. The Fort Bend County Toll Road Authority joined the FBGPTRA in this agreement through a Joint Project Agreement with the FBGPTRA executed on February 19, 2014.

NOTE 8 – SUBSEQUENT EVENTS

The Authority issued $45 million in first lien revenue bonds in December, 2014, to finance the construction of the Highway 6 overpass ($33 million), purchase of right-of-way for Westpark-B extensions ($11 million) and toll conversion project for Parkway-A and Westpark-A ($4 million). This series was sold at a premium to allow funding for all components. The Authority plans to issue between $60.1 million and $68.5 million in first lien revenue bonds in the summer of 2015 for phase one of the Westpark Toll Way extension.

APPENDIX C

GLOSSARY OF TERMS

The following sets forth certain definitions used in this Official Statement and in the Indenture. Reference is made to the Indenture, copies of which may be obtained from the County, for a full and complete statement of its provisions. A summary of certain provisions of the Master Indenture is included in APPENDIX D. The provisions of the Indenture may be amended or supplemented in accordance with the terms thereof.

"2003 Indenture" shall mean the Toll Road Unlimited Tax and Subordinate Lien Revenue Bond Trust Indenture between the County and Wells Fargo Bank, N.A., as Trustee, dated April 1, 2003, and all supplemental indentures thereto pursuant to which the Fort Bend County, Texas, Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds are issued.

"Account" or "Accounts" shall mean any one or more, as the case may be, of the accounts from time to time hereafter created in any of the Funds required to be maintained pursuant to 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 County, and may be an accountant or firm of accountants that regularly audits the books of the County, if satisfactory to the Trustee.

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

"Act" shall mean, collectively, Chapter 284, Texas Transportation Code, and Chapters 1201, 1207, 1371, and 1431, Texas Government Code, as they may be amended from time to time.

"Aggregate Debt Service" shall mean for any Fiscal Year or other period as of the date of calculation the sum of the amounts of Debt Service for such Fiscal Year or other period with respect to all Series of Bonds, Parity Notes, and other Parity Obligations then outstanding.

"Annual Budget" shall mean the annual budget of the County for the Project, as amended or supplemented, adopted, or in effect for a particular Fiscal Year or fraction thereof.

"Authenticating Agent" shall mean any agent of the Trustee designated to authenticate the Bonds of any Series as provided in any Supplemental Indenture and its successor or successors, which may include the Trustee.

"Authorized Newspapers" shall mean any two newspapers, reports, or other publications customarily published at least once in each calendar week, printed in the English language, one of which shall be a financial journal or publication of general circulation among tax exempt securities dealers in the United States of America (such as *The Bond Buyer*) and the other of general circulation among tax exempt securities dealers in the State of Texas (such as *Texas Municipal Reports*).

"Authorized Officer of the County" shall mean the County Judge, the County Auditor, 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 Commissioners Court.

"Bond" or "Bonds" shall mean any bond or bonds, as the case may be, authenticated and delivered under and pursuant to the Indenture.

"Bondowner" or "Owner of Bonds" shall mean the registered owner of any Bond or Bonds.

"Business Day" shall mean a day which is not a banking holiday in New York City or Houston, Texas, except as may otherwise be provided by Supplemental Indenture.

"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 County Toll Road Senior Lien Revenue Bond Construction Fund required to be maintained by the County pursuant to the Indenture and any separate accounts required to be maintained in the Construction Fund pursuant to the terms of any Supplemental Indenture.

"Consulting Engineers" shall mean the County Engineer or the engineering firm or firms at the time employed by the County 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" or "Project Development Cost" shall mean all costs of acquisition, construction, improvement, operation, and maintenance of the Project or any project or projects with which the Project is proposed to be pooled which meets the definition of cost of the project under the Act. Such cost shall include all reasonable costs of marketing and providing public information to inform the public of the service and facilities provided by the Project.

"Costs of Issuance" shall mean the items of expense payable or reimbursable directly or indirectly by the County and related to the authorization, sale and issuance of Bonds or Parity Notes or the authorization or incurrence of other Parity Obligations, 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; initial fees and charges of providers of Parity Credit Agreements and Parity Hedge Agreements or other parties pursuant to remarketing, indexing or similar agreements; 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 or Parity Obligations; and other administrative or other costs of issuing, carrying, and repaying such Bonds or Parity Obligations and investing the proceeds thereof.

"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 County) selected by the County 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.

"Debt Service" shall mean, with respect to any particular Fiscal Year or other period and any Series of Bonds, Parity Notes or other Parity Obligations, an amount equal to the sum of (a) all interest accruing on such Bonds and Parity Notes during such period, except to the extent that such interest is to be paid from amounts (including any investment earnings thereon) deposited in the Debt Service Fund, Construction Fund, or elsewhere for the purpose of providing capitalized interest, and except to the extent that such accruing interest on such Bonds or Parity Notes is payable only at maturity or redemption (as with capital appreciation bonds) in which case the entire amount of such interest shall be deemed to accrue in the same manner as Principal Installments, plus (b) that portion of the Principal Installment or Installments of such Bonds or Parity Notes which would accrue during such period if such Principal Installment or Installments were deemed to accrue monthly from a date one year prior to its due date or from the date of issuance of the respective Series, whichever is later, plus or minus (c) net amounts payable or receivable under any Parity Hedge Agreements, which accrue during such period. For purposes of calculating Debt Service, the following rules shall apply:

(A) Interest and Principal Installments for any Series of Bonds or Parity Notes shall be calculated on the assumption that no Bonds or Parity Notes of any Series Outstanding on the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

(B) Interest and Principal Installments for any series of Parity Notes shall be calculated on the assumption that all Parity Notes shall be continuously refinanced with other Parity Notes or Bonds so as to permit approximately equal annual amortization of Debt Service on such Series of Parity Notes over a period of 30 years following depletion of any amounts provided for capitalized interest on such Parity Note.

(C) Except as provided in (D) below, future Debt Service for any Series of Bonds or Parity Notes which bears interest at variable rates or which will at some future date bear interest at a rate or rates to be determined or which will be subject to conversion to an interest rate or interest rate mode such that rates cannot then be ascertained shall be calculated using a rate which shall be estimated and certified by the financial advisor to the County as the rate that would have been borne by such Bonds or Parity Notes if they were at the date of certification issued (or remarketed as the case may be) as 30-year Bonds bearing a fixed rate of interest.

(D) Amounts payable and/or receivable by the County under Parity Hedge Agreements may be combined with payments of Debt Service on any Series of Bonds or Parity Notes to which the Parity Hedge Agreement relates. In such event, the financial advisor to the County shall prepare a combined calculation of Debt Service with respect to the amounts payable and/or receivable under the Parity Hedge Agreement and the amounts of interest payable under the Bonds or Parity Notes to which it relates, and in such calculation may offset amounts receivable by the County under the Parity Hedge Agreement against interest payable on related Bonds or Parity Notes. Any remaining (*i.e.,* not offset) payment obligations of the County under the Parity Hedge Agreement shall be treated as payments of interest for purposes of computing Debt Service and shall be calculated at the rate provided in such Parity Hedge Agreement the same as if it were an interest rate on Bonds or Parity Notes, and if such rate is variable or otherwise not ascertainable at the time of cancellation, shall be estimated by such financial advisor to the County in the same manner as herein provided for the estimation of Debt Service on Bonds or Parity Notes bearing interest at variable rates or rates not ascertainable at the time of calculation. If not combined with payments of Debt Service on Bonds or Parity Notes as set forth above, amounts payable and/or receivable by the County under Parity Hedge Agreements shall include only the net amount payable and/or receivable for purposes of computing Debt Service.

"Debt Service Fund" shall mean the County Toll Road Senior Lien Revenue Bond Debt Service Fund established in the Indenture.

"Debt Service Reserve Fund" shall mean the County Toll Road Senior Lien Debt Service Reserve Fund required to be maintained pursuant to the Indenture.

"Debt Service Reserve Fund Participants" shall mean: (i) with respect to Bonds, any series of Bonds designated by the County as "Debt Service Reserve Fund Participants" and secured by a lien on the Debt Service Reserve Fund Participant Account of the Debt Service Reserve Fund, and (ii) with respect to Parity Notes, any Parity Note designated by the County as "Debt Service Reserve Fund Participants" and secured by a lien on the Debt Service Reserve Fund Participant Account of the Debt Service Reserve Fund.

"Debt Service Reserve Fund Participant Account" shall mean the account of such name created within the Debt Service Reserve Fund for the benefit of the holders of Bonds and Parity Obligations that are designated as Debt Service Reserve Fund Participants.

"Debt Service Reserve Fund Non-Participant Account" shall mean one or more accounts of such name created within the Debt Service Reserve Fund created for the benefit of the holders of Bonds that are not designated as Debt Service Reserve Fund Participants.

"Debt Service Reserve Fund Requirement" shall mean the amount established and stipulated in each Supplemental Indenture, which shall not exceed the lesser of (i) the maximum annual debt service on such issue of Bonds or Parity Obligations, (ii) one hundred twenty-five (125%) of the average annual debt service on such issue of Bonds or Parity Obligations or (iii) ten percent of the initial principal amount of such issue of Bonds or Parity Obligations (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 such issue of Bonds or Parity Obligations). For Debt Service Reserve Fund Participants, the Debt Service Reserve Fund Requirement shall be equal to the amount established in the preceding sentence. For a Series of Bonds or Parity Notes that are not Debt Service Reserve Fund Participants, the amount shall be established in the particular Supplemental Indenture and may be less than the amount defined in the first sentence of this definition.

"Debt Service Reserve Fund Liquidity Facility" shall mean any agreement, however denominated, provided by a qualifying financial institution (as described in the following sentence) which contractually commits to purchase for not less than a stated price any class or amount of Investment Securities held in the Debt Service Reserve Fund at any time such Investment Securities must be liquidated in order to make cash transfers to the Debt

Service Fund. A Debt Service Reserve Fund Liquidity Facility may only be entered into with a financial institution which (a) at the time of entering into such agreement either (i) has long term credit ratings in one of the two highest generic rating categories from at least two nationally recognized rating services or (ii) has long term credit ratings in one of the three highest generic rating categories from at least two nationally recognized rating services and agrees to collateralize its obligations under such agreement by lodging with a third party trustee, escrow agent, custodian or other financial third party direct obligations of the United States of America or its agencies with a market value equal to 102% of the difference between the face amount of its obligations under the agreement and the market value of the Investment Securities to which the agreement relates (based on periodic market valuations at least twice per year), and (b) agrees that for any period during the term of the agreement its long term credit rating fails to remain in one of the two highest generic rating categories from at least two nationally recognized rating agencies, it will collateralize its obligations under the agreement in the manner described in clause (a)(ii) above.

"Debt Service Reserve Fund Surety Policy" shall mean any reserve fund surety policy or bond, letter of credit or other instrument, however denominated, provided by a qualifying financial institution as described in the following sentence, pursuant to which the Trustee or Paying Agent may draw on such Debt Service Reserve Fund Surety Policy to enable the Debt Service Reserve Fund to make a required transfer to the Debt Service Fund. Debt Service Reserve Fund Surety Policies may only be acquired from a financial institution with a long term credit rating in one of the two highest generic rating categories from at least two nationally recognized rating services and having a credit rating or claims paying ability such that the purchase of such surety policy will not cause any rating agency then rating any Bonds or Parity Notes to withdraw or lower its rating.

"Event of Default" shall mean an Event of Default as such term is defined in the Indenture. See the caption "Defaults and Remedies" in APPENDIX D.

"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 County which is currently the 12-month period ending the last day of September, but which may be changed from time to time.

"Fund" or "Funds" shall mean any one or more, as the case may be, of the separate special funds created and established or required to be maintained pursuant to the Indenture.

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

"Indenture" shall mean the Master Indenture, as amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, and the Third Supplemental Indenture, and as the same may be amended or supplemented from time to time by one or more other Supplemental Indentures in accordance with the terms of the Master Indenture.

"Interest Payment Date" shall mean the date on which interest on the Bonds or any Parity Notes is due and payable.

"Investment Security" or "Investment Securities" shall mean and include any securities authorized for investment of County Funds by the laws of the State of Texas, currently the "Texas Public Funds Investment Act," Chapter 2256, Texas Government Code, as the same may be amended from time to time.

"Junior Lien Obligations" shall mean any bonds, notes, or other obligations secured in whole or in part by a pledge of and lien on Revenues after making all required transfers to the Debt Service Fund and Debt Service Reserve Fund, but prior to the payment of Project Expenses. Junior Lien Obligations are intended to constitute "senior indebtedness" within the meaning of the 2003 Indenture.

"Maintenance Tax Fund" shall mean the Fort Bend County, Texas Toll Road Maintenance Tax Fund required to be maintained by the County pursuant to the Indenture.

"Net Revenues" shall mean, for any Fiscal Year or other period of time, the Revenues less the Operating Expenses.

"Operating Board" shall mean the Fort Bend County Toll Road Authority or any other entity appointed by the County to act as an Operating Board under the provisions of the Indenture.

"Operating Expenses" shall mean only so much of the Project Expenses as shall constitute the County's expenses for operation, maintenance, repairs, ordinary replacement and ordinary reconstruction of the Project and ordinary acquisition of equipment and any other current expenses or obligations required to be paid by the County under the provisions of the Indenture or by law, all to the extent properly and directly attributable to the operation of the Project, but not any costs or expenses for new construction or any allowance for depreciation.

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

"Outstanding" shall mean as of any date, Bonds or Parity Notes theretofore or thereupon being authenticated and delivered under the Indenture except:

(i) Bonds or Parity Notes cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;
(ii) Bonds or Parity Notes in lieu of or in substitution for which other Bonds or Parity Notes shall have been authenticated and delivered pursuant to the Indenture;
(iii) Bonds or Parity Notes deemed to have been paid or defeased as provided in the Indenture (or in any Supplemental Indenture) or as provided by law; and
(iv) As otherwise provided in any Supplemental Indenture.

"Owner" shall mean the registered owner of any Bond or the owner of any Parity Obligation, as the case may be.

"Parity Credit Agreement" shall mean any agreement between the County and a third party financial institution pursuant to which such third party financial institution issues a letter of credit, municipal bond insurance policy, line of credit, standby purchase agreement, surety policy, surety bond, or other guarantee for the purpose of enhancing the creditworthiness or liquidity of any of the County's obligations pursuant to any Bonds, Parity Notes, or Parity Hedge Agreements, and in consideration for which the County may agree to pay certain fees and to reimburse and repay any amounts advanced under such Parity Credit Agreement, together with interest and other stipulated costs and charges.

"Parity Hedge Agreement" shall mean any agreement between the County and a qualifying financial institution (as described in the following sentence) for the purpose of providing an interest rate swap, 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 or Parity Notes. A Parity 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 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 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 Parity Hedge Agreement.

"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.

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

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

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

"Paying Agent" shall mean any bank or trust company or national or state banking association designated to make payment of the principal and Redemption Price of and interest on the Bonds or Parity Notes 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 the Indenture.

"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 home-rule 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 (i) the principal amount of Outstanding Bonds of said Series which mature on a single future date, reduced by the aggregate principal amount of such Outstanding Bonds of such Series which would at or before said future date be retired as a result of Sinking Fund Installments applied in accordance with the Indenture or a Supplemental Indenture plus (ii) the amount of any Sinking Fund Installment payable on said future date for the retirement of any Outstanding Bonds of said Series; and

(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 County's financial advisor to achieve an approximately equal annual amortization of Debt Service on such Series of Parity Notes over such 30 year period.

"Project" shall mean all of the County's right, title and interest (whether such interest is fee, easement, leasehold, contractual or otherwise) in and to (i) the Fort Bend Parkway and the Westpark Tollway and (ii) such other project or projects, or interest therein, with which the Project may be pooled pursuant to the Act or other applicable law (each of which shall be a "Pooled Project"). Fort Bend Parkway and the Westpark Tollway shall include without limitation all of the following which are necessary or useful in connection therewith: causeways, bridges, tunnels, turnpikes, highways, or any combination of such facilities, and all overpasses, underpasses, interchanges, entrance plazas, toll houses, service stations, approaches, fixtures, accessories, equipment, and administration, storage and all other buildings, together with all property rights, easements and interests acquired in connection therewith, and any other improvements, extensions, and betterments as may now be permitted by the Act.

"Project Expenses" shall mean the County'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, and 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 (which may include premiums, costs, and expenses relating to interest rate caps, limits, or guarantees); (iii) Costs of Issuance not paid as a Cost of the Project; and (iv) payments to pension, retirement, health, and hospitalization funds.

"Project Segment" shall mean any addition to, or expansion or improvement of the Project identified as a Project Segment in any Supplemental 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 Series 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 Series.

"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, the Indenture, or any Supplemental Indenture.

"Refunding Bonds" or "Refunding Parity Notes" shall mean all Bonds or Parity Notes, whether issued in one or more Series, issued for the purpose of refunding a like or different principal amount of Bonds, Parity Notes, or other Toll Road Bonds, and thereafter authenticated and delivered pursuant to the Indenture or any Supplemental Indenture.

"Register" shall mean the register maintained by the Registrar for each Series of Bonds or Parity Notes which shows ownership of Bonds or Parity Notes in accordance with the Indenture.

"Registrar" shall mean any agent of the Trustee designated to keep a register or registers of the Owners of the Bonds or Parity Notes of any Series as provided in any Supplemental Indenture, and its successor or successors, which may include the Trustee.

"Renewal and Replacement Fund" shall mean the County Toll Road Renewal and Replacement Fund established in the Indenture.

"Repurchase Agreement" shall mean an agreement entered into with a Person pursuant to which the County purchases and such Person agrees to repurchase specified Investment Securities provided that the repurchase price shall not be less than the purchase price.

"Revenue Fund" shall mean the County Toll Road Revenue Fund required to be maintained pursuant to the Indenture.

"Revenues" shall mean all amounts derived from the ownership or operation of 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, plus any interest income earned on all Funds and Accounts established hereunder and under the 2003 Indenture which is required to be transferred to or maintained in the Revenue Fund, the Debt Service Fund, or the Reserve Fund, but specifically excluding interest income attributable to capitalized interest on the Bonds and Parity Notes.

"Series" shall mean Bonds or Parity Notes identified as a separate series and any Bonds or Parity Notes thereafter authenticated and delivered in lieu of or in substitution for such Bonds or Parity Notes pursuant to the Indenture or any Supplemental Indenture.

"Sinking Fund Installment" shall mean, as of any particular date of calculation and with respect to any Series of Bonds or Parity Notes, the amount of money to be applied as the Redemption Price of Bonds or Parity Notes in any Fiscal Year prior to maturity pursuant to the Supplemental Indenture for such Series, as such Installment shall have been previously reduced by the principal amount of any Bonds or Parity Notes of such Series of the maturity with respect to which such Sinking Fund Installment is payable which are purchased or redeemed by the Trustee in accordance with the provisions of the Indenture or of any Supplemental Indenture, other than a Sinking Fund Installment redemption or purchase.

"State" shall mean the State of Texas.

"Supplemental Indenture" shall mean any Indenture supplemental to or amendatory of the Indenture, adopted by the County in accordance with the Master Indenture.

"Surplus Fund" shall mean the County Toll Road Surplus Fund required to be maintained pursuant to the Indenture.

"Toll Road Bonds" shall mean the Bonds, and any other bonds from time to time hereafter issued for the purpose of providing funds to pay the Cost of the Project, whether pursuant to the Indenture or otherwise.

"Traffic Engineers" shall mean the traffic engineer employed by the County and "Independent Traffic Engineer" shall mean an engineering firm or corporation retained by the County, 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, respectively.

"Trust Estate" shall mean the Trust Estate as defined in the Indenture.

"Trustee" shall mean a commercial bank or trust company duly organized and existing under the laws of the State of Texas or 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 the Indenture, and its successor or successors and any other person which may at any time be substituted in its place pursuant to the Indenture.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

The Master Indenture contains various covenants and security provisions, certain of which are summarized below or elsewhere in this Official Statement. The following are selected provisions of the Master Indenture. Such provisions are qualified by reference to the other portions of the Indenture referred to elsewhere in this Official Statement, and all references and summaries pertaining to the Master Indenture in this Official Statement are, separately and in whole, qualified by reference to the exact terms of the Master Indenture, a copy of which may be obtained from the County. The provisions of the Master Indenture may be amended or supplemented in accordance with the terms thereof.

As used in this APPENDIX D, the term "Bond" or "Bonds" shall have the same meaning given to such term in the Master Indenture. See "APPENDIX C – GLOSSARY OF TERMS."

Permitted Investments

The Indenture requires that all amounts held in any Fund or Account under the Indenture by either the Trustee or the County must either be (i) continuously and fully secured for the benefit of the County and the Owners of the Bonds by either direct obligations of or obligations guaranteed by the United States of America or secured in the manner required by the laws of the State of Texas for public funds or (ii) invested in Investment Securities so long as they mature not later than such times as will be necessary to provide money when needed for payments to be made from such Funds and Accounts. "Investment Securities" means investments authorized from time to time pursuant to the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code or other applicable laws of the State of Texas, which mature not later than such times as shall be necessary to provide moneys for payments from such Funds or Accounts.

Interest earned or profits realized from investing any amounts in the Construction Fund, and amounts representing capitalized interest in the Debt Service Fund, may be retained in such Funds. Interest earned from investing amounts in any other Fund or Account will be transferred into the Revenue Fund.

Toll Classification

The County is required to classify tolls in a manner that will apply to all traffic in a uniform manner within any reasonable class. No reduced rates will be allowed within any 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 Revenues net of Project Expenses. No free service will be permitted on the Project, except for certain authorized officials and emergency vehicles and vehicles whose passage is determined to be in the public's interest or the interest of the Project.

Annual Budget

After any part of the Project is completed and operational, the County has covenanted in the Indenture to file with the Trustee an Annual Budget for each Fiscal Year that includes the estimated Project Expenses for such Fiscal Year, in addition to the amount required to establish and maintain the Operating Reserve sufficient to pay two months' Project Expenses. The County may, at any time, adopt an amended Annual Budget or Budgets for the remainder of the then current Fiscal Year. Until a new Annual Budget is adopted, the prior Fiscal Year's Annual Budget shall be deemed to be the Annual Budget for that Fiscal Year.

Consulting Engineers Reports on Projects

In the Indenture, the County covenants and agrees that after the Project or any part of it is completed and operational, the County 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 County a report setting forth (i) their findings whether the Project has been maintained in good repair, working order and condition, (ii) their advice and

recommendations as to the proper maintenance, repair and operation of the Project during the ensuing 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 Project Expenses in the Annual Budget for the next ensuing Fiscal Year and (iii) their advice and recommendations as to the insurance to be carried under the provisions of the Indenture. The Indenture provides that copies of such reports are to be filed with the Trustee.

Construction Contracts

In the Indenture, the County covenants and agrees that before entering into any construction contract it will secure the recommendation of the Consulting Engineers 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 County further covenants and agrees that the proceeds of any such performance bond and payment bond will forthwith, upon receipt of such proceeds, be deposited in the Construction Fund established pursuant to the Indenture and applied toward the completion of the contract in connection with which such performance bond and payment bond shall have been furnished.

Rules and Regulations; Maintenance of Project

In the Indenture, the County 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 of the Project 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.

Consulting Engineers; Traffic Engineers

In the Indenture, the County covenants that, as long as there are any Bonds, Parity Notes or other Parity Obligations Outstanding, it will employ Consulting Engineers or Traffic Engineers as necessary to comply with the Indenture.

Insurance

In the Indenture, the County 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.

Sale or Encumbrance of Project

In the Indenture, the County covenants that, as long as there are any Bonds and Parity Notes Outstanding, and except as in the Indenture otherwise permitted, it will not sell or otherwise dispose of the Project or any part thereof unless it determines that such sale or other disposal is in the best interest of the Project and not materially adverse to the rights of the Owners of the Bonds, Parity Notes or other Parity Obligations. Such covenant, however, shall not limit the ability of the County to issue Bonds and Parity Notes and incur Parity Obligations, to dispose of surplus property, to enter into contracts with respect to the lease or operation of all or any part of the Project.

Defaults and Remedies

Events of Default. Any of the following events will constitute an "Event of Default" under the Indenture:

(i) failure to make the due and punctual payment of the principal or Redemption Price of any Bond or Parity Note when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(ii) failure to make the due and punctual payment of any installment of interest on any Bond or Parity Note or the unsatisfied balance of any Sinking Fund Installment therefor (except when such installment is due on the maturity date of such Bond or Parity Note), or any other Parity

Obligation when and as such interest installment or Sinking Fund Installment or other Parity Obligation shall become due and payable, and such failure shall continue for a period of 30 days;

(iii) failure by the County in the performance or observance of any other of the covenants, agreements, or conditions on its part contained in the Indenture or in the Bonds, Parity Notes or other Parity Obligations, and such default shall continue for a period of 60 days after written notice thereof to the County by the Trustee or to the County and to the Trustee by the Owners of not less than 25% in principal amount of the Bonds and Parity Notes Outstanding;

(iv) if the County: (a) files 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) takes any action indicating its consent to, approval of, or acquiescence in, any such petition or proceeding; (c) applies for, or consents or acquiesces in the appointment of, a receiver or a trustee of the County or for all or a substantial part of its property; (d) makes an assignment for the benefit of creditors, or (e) is unable, or admits in writing its inability, to pay its debts as they mature; or

(v) if proceedings have commenced against the County, 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 County or for all or a substantial part of its property, and the same continues for 90 days undismissed or undischarged or results in the adjudication of bankruptcy or insolvency.

Notice of Default. The Trustee shall not be required to give notice to the County of any Event of Default, known to exist under the Indenture; provided, however, that upon written request of the Owners of not less than 25% in aggregate principal amount of the Bonds and Parity Notes Outstanding, the Trustee shall give written notice to the County of any default or breach constituting an Event of Default under subparagraph (iii) of the immediately preceding "Events of Default" subcaption.

Actions by Trustee. If an Event of Default occurs and is 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 and Parity Notes Outstanding, must: (i) by mandamus or other suit, action, or proceeding at law or in equity require the County to perform its covenants, representations, and duties under the Indenture; (ii) bring suit upon the Bonds, Parity Notes and other Parity Obligations; (iii) by action or suit in equity require the County to account as if it were the trustee of an express trust for the Owners of the Bonds, Parity Notes and other Parity Obligations; (iv) 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, Parity Notes and other Parity Obligations; (v) take over the possession, administration, and management of all Funds and Accounts required to be maintained by the County pursuant to the Indenture; or (vi) take such other steps to protect and enforce its rights and the rights of the Owners of the Bonds, Parity Notes and other Parity Obligations, whether by action, suit, or proceeding in aid of the execution of any power granted in the Indenture or for the enforcement of any other appropriate legal or equitable remedy.

Judicial Proceedings. If an Event of Default occurs and is continuing, then the Trustee may, and upon the request of the Owners of not less than 25% in aggregate principal amount of the Bonds and Parity Notes Outstanding, and upon being indemnified to its satisfaction, will, 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, premium, if any, and interest on the Bonds and Parity Notes and amounts due on the Parity Obligations 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 deems most effectual to protect and enforce any of its rights or the rights of the Owners of Bonds, Parity Notes and other Parity Obligations under the Indenture.

Application of Proceeds. The proceeds received by the Trustee pursuant to the exercise of any right or remedy under the Indenture 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:

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

(ii) to the payment of the interest and principal or Redemption Price and any other amounts then due on the Bonds, Parity Notes arid other Parity Obligations, 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 therefor ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference;

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds and Parity Notes and other unpaid amounts owing under any other Parity Obligations 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 such amounts due on any date, then to the payment thereof ratably, according to the amounts due on such date, to the persons entitled thereto, without any discrimination or preference; and

(iii) to the payment of the amounts required for reasonable and necessary Project Expenses allocable to the Bonds, Parity Notes and other Parity Obligations, the Indenture or the Project.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee in the Indenture 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 under the Indenture or under the Bonds, Parity Notes, and other Parity Obligations, or now or hereafter existing at law or in equity or by statute.

Limitation on Suits. All rights of action in respect of the Indenture shall be exercised only by the Trustee, and no Owner of any Bond, Parity Note, or other Parity Obligation issued under the Indenture 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 under the Indenture, 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 and Parity Notes Outstanding and shall have been furnished reasonable indemnity and shall have refused or neglected for 60 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 60 day period by the Owners of a majority in principal amount of the Bonds and Parity Notes 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, Parity Notes, or other Parity Obligations of the powers and remedies given to the Trustee under the Indenture 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 under the Indenture, 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 and Parity Notes 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 County as the Trustee may deem expedient in the interest of the Owners of the Bonds, Parity Notes and other Parity Obligations.

Nothing contained in the Indenture, however, shall affect or impair the right of any Owner, which shall be absolute and unconditional, to enforce the payment of the principal of, premium, if any, and interest on the Bonds and Parity Notes and amounts due on other Parity Obligations of such Owner, but only out of the moneys for such payment as provided in the Indenture, or the obligation of the County, which shall also be absolute and unconditional, to make payment of the principal of, premium, if any, and interest on the Bonds and Parity Notes and amounts due on other Parity Obligations issued under the Indenture, but only out of the funds provided in the Indenture for such payment, to the respective Owners thereof at the time and place stated in said Bonds, Parity Notes and other Parity Obligations.

Rights of Owners to Direct Proceedings. Notwithstanding any provision of the Indenture to the contrary, the Owner or Owners of more than 50% in aggregate principal amount of the Bonds and Parity Notes 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 the 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 under the Indenture; provided, however, that the Trustee shall have been satisfactorily indemnified and that such direction shall not be contrary to law or the provisions of the 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 Owner of the Bonds, Parity Notes and other Parity Obligations not consenting.

Notice to Owners of Default. The Trustee or Paying Agent on behalf of the Trustee shall promptly mail to registered Owners of Bonds, Parity Notes and other Parity Obligations written notice of the occurrence of any Event of Default of which it has notice pursuant to the Indenture.

The Indenture contains additional provisions that are not summarized in this APPENDIX D with respect to certain other matters relative to Events of Default and the exercise of remedies with respect thereto.

Defeasance

Any Bonds will, prior to the maturity or redemption date therefor, be deemed to have been paid and to be no longer Outstanding under the provisions of the Indenture if (i) in case of any Bond to be redeemed on any date prior to maturity, the County has given to the Trustee or a Paying Agent irrevocable instructions to give notice of redemption on such Bonds, (ii) there has been deposited with the Trustee or a Paying Agent either money in an amount sufficient, or certain Investment Securities the principal and interest on which, without further investment, will be sufficient, together with money, if any, deposited therewith, to pay when due the principal, redemption price, if applicable, and interest due and becoming due on such Bond on and prior to redemption or maturity date, as the case may be, and (iii) in the event Bonds are not to be redeemed within the next succeeding 60 days, the County will have given the Trustee or a Paying Agent irrevocable instructions to publish at least twice, at an interval of not less than seven days, in the Authorized Newspapers a notice to the Owners of the Bonds to be redeemed, and to mail notices to such Owners that such deposit has been made and that the Bonds are deemed to have been paid and stating the maturity or redemption date upon which such money will be made available for the payment of the principal or redemption price, if applicable, and interest on such Bonds. For purposes of clause (ii) above, Investment Securities shall mean and include only direct obligations of (or obligations the principal of and interest on which is unconditionally guaranteed by) the United States of America, and such securities shall not be subject to redemption prior to their maturity.

Amendments

The County may adopt a Supplemental Indenture without consent of the Owners for any of the following purposes: (i) to authorize the issuance of Bonds, Parity Notes and other Parity Obligations; (ii) to provide additional limitations and restrictions on the issuance of Bonds, Parity Notes and other Parity Obligations or the issuance of other evidences of indebtedness; (iii) to add other covenants and agreements to be observed by the County not inconsistent with the Indenture; (iv) to add other limitations and restrictions to be observed by the County of the Trust Estate which are not inconsistent with the Indenture; (v) to confirm any pledge under the Indenture of the Trust Estate; (vi) to modify any of the provisions of the Indenture provided that such modification will be effective only after all Outstanding Bonds, Parity Notes and other Parity Obligations at the date of adoption will cease to be Outstanding; (vii) to modify, amend, or supplement the Indenture to permit the qualification under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or under any state Blue Sky Law; (viii) to surrender any right, power, or privilege reserved to or conferred upon the County by the Indenture, provided that such surrender is not inconsistent with the covenants and agreements of the County contained in the Indenture; (ix) to pool the Project with one or more other projects as permitted by the Act; (x) to increase the Debt Service Reserve Fund Requirement or to provide for Debt Service Fund Surety Policies; (xi) to establish or increase the required balance to be accumulated or maintained in the Renewal and Replacement Fund; (xii) to alter the Indenture to comply with the requirements of a nationally recognized rating agency in order to maintain a rating on the Bonds or Parity Notes in a high-quality, short-term or commercial paper rating category or long-term debt rating category of such rating agency; (xiii) to increase the interest rate or rates on the Bonds or Parity Notes of any series; and (xiv) to designate Paying Agents, Authenticating Agents, Registrars, and other agents for Bonds of any series.

The Indenture also may be amended without the consent of the Owners with the written consent of the Trustee: (i) to cure any ambiguity, supply any omission, or cure any defect or inconsistent provision in the Indenture; (ii) to insert such provisions clarifying matters as are necessary or desirable and are not inconsistent with the Indenture; (iii) to provide for additional duties of the Trustee in connection with the Trust Estate or the Project; or (iv) to modify any of the provisions of the Indenture, provided that such action shall not adversely affect the interest of the Owners of Outstanding Bonds, Parity Notes or other Parity Obligations.

Any other amendment of the Indenture may be made with the written consent given by the Owners as provided in the Indenture (i) of the Owners of at least two-thirds in principal amount of the Bonds and Parity Notes Outstanding at the time such consent is given, and (ii) in case less than all of the several series of Bonds and Parity Notes Outstanding are affected by the amendment, of the Owners of at least two- thirds in principal amount of the Bonds and Parity Notes of each series so affected and Outstanding at the time such consent is given, and (iii) in case the amendment changes the terms of any Sinking Fund Installment, of the Owners of at least two-thirds in principal amount of the Bonds or Parity Notes of the particular series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; provided, however, that if such amendment will, by its terms, not take effect as long as any Bonds or Parity Notes of any specified like series and maturity remain Outstanding, the consent of the Owners of such Bonds and Parity Notes will not be required. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond, Parity Note, or other Parity Obligation 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, Parity Note, or other Parity Obligation, or shall reduce the percentages or otherwise affect the classes of Bonds or Parity Notes 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. A series shall be deemed to be affected by a modification or amendment of the Indenture if the same materially adversely affects or diminishes the rights of the Owners of Bonds or Parity Notes of such series. The Trustee may in its discretion determine whether or not (and may rely on Counsel's Opinion to make such discretionary determination), in accordance with the foregoing powers of amendment.

The terms and provisions of the Indenture and the rights and obligations of the County and of the Owners of the Bonds, Parity Notes, or other Parity Obligations thereunder may be modified or amended in any respect upon the adoption and filing by the County of a Supplemental Indenture and the consent of the Owners of all the Bonds, Parity Notes, or other Parity Obligations Outstanding or, in the case of a Supplemental Indenture, the Owners of all Bonds, Parity Notes, and other Parity Obligations issued or incurred pursuant to such Supplemental Indenture; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee or other Fiduciaries without the written assent thereto of the Trustee or other Fiduciaries in addition to the consent of the Owners.

The terms and provisions of the Indenture and the rights and obligations of the County and the Owners thereunder may be modified or amended with respect to a particular series upon the adoption and filing by the County of a Supplemental Indenture and the consent of the Owners of all Bonds or Parity Notes of the particular series, such consent to be given by written notice to the Trustee, and no notice to Owners by mailing or publication 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 assent thereto of the Trustee in addition to the consent of the Owners.

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APPENDIX E

FORM OF OPINION OF BOND COUNSEL

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February __, 2016

WE HAVE REPRESENTED FORT BEND COUNTY, TEXAS (the "County"), as its bond counsel in connection with an issue of bonds (the "Series 2016 Bonds") described as follows:

> FORT BEND COUNTY, TEXAS, SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016, dated February 1, 2016.
>
> The Series 2016 Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Series 2016 Bonds and a Senior Lien Toll Road Revenue Bond Trust Indenture, dated as of May 15, 2012, between the County and Wells Fargo Bank, N.A., as trustee (the "Trustee"), and amendments and supplements thereto, including a Second Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated as of December 1, 2014 and a Third Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated as of February 1, 2016 (together, the "Indenture"), between the County and the Trustee.

THE SERIES 2016 BONDS ARE BEING ISSUED pursuant to an order adopted by the Commissioner's Court of the County on January 12 , 2016 (the "Bond Order") and the Indenture. Capitalized terms not otherwise defined herein have the meanings assigned to such terms in the Indenture.

THE INDENTURE PERMITS the issuance or incurrence of additional Bonds, Parity Notes and other Parity Obligations, subject to the restrictions contained in the Indenture, secured by liens on the Trust Estate that are on a parity with the lien securing the Series 2016 Bonds and the Outstanding Bonds.

WE HAVE REPRESENTED the County as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Series 2016 Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Series 2016 Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capability of the County or the disclosure thereof in connection with the sale of the Series 2016 Bonds. Our role in connection with the County's Official Statement prepared for use in connection with the sale of the Series 2016 Bonds has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certain proceedings pertaining to the Series 2016 Bonds, on which we have relied in giving our opinion. The transcript contains certain certified copies of certain proceedings of the County; customary certificates and other documents executed by officers, agents and representatives of the County, the Trustee and others; and other certified showings relating to the authorization and issuance of the Series 2016 Bonds. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations and published rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Series 2016 Bond No. IB-1.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION that:

(1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Series 2016 Bonds in full compliance with the Constitution and laws of the State of Texas presently in effect, and therefore, the Series 2016 Bonds constitute valid and legally binding special obligations of the County enforceable in accordance with the terms thereof and of the Bond Order and the Indenture and entitled to the benefits of the Indenture;

(2) The Bond Order has been duly adopted and the Indenture has been duly authorized, executed and delivered by the County, each is in full force and effect and constitutes a legal, valid and binding obligation of the County; and

(3) The Indenture creates a valid pledge of and lien on the Trust Estate, subject only to the provisions of the Indenture permitting the application of the Trust Estate for the purposes and on the terms and conditions set forth therein.

THE ENFORCEABILITY OF CERTAIN PROVISIONS OF THE SERIES 2016 BONDS, the Bond Order and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors. Furthermore, the availability of equitable remedies under the Series 2016 Bonds, the Bond Order and the Indenture may be limited by general principles of equity that permit the exercise of judicial discretion. The Series 2016 Bonds are payable solely from and are secured solely by a lien on and pledge of the Trust Estate. Owners of the Series 2016 Bonds shall never have the right to demand payment of the principal of or interest on the Series 2016 Bonds out of any funds raised or to be raised by taxation.

IT IS OUR FURTHER OPINION that, under existing law:

(A) Interest on the Series 2016 Bonds is excludable from gross income for federal income tax purposes; and

(B) The Series 2016 Bonds are not "private activity bonds" within the meaning of the Code, and, as such, interest on the Series 2016 Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Series 2016 Bonds will be included in the "adjusted current earnings" of a corporation (other than any S corporation, regulated investment company, REIT or REMIC) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the County, the County's financial advisor and the Underwriters with respect to matters solely within the knowledge of the County, the County's financial advisor and the Underwriters, respectively, which we have not independently verified. We have also assumed continuing compliance by the County with the covenants in the Indenture pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Series 2016 Bonds for federal income tax purposes. If such representations are determined to be inaccurate or incomplete or the County fails to comply with the foregoing provisions of the Indenture, interest on the Series 2016 Bonds could become includable in gross income from the date of 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 receipt or accrual of interest on, or acquisition, ownership or disposition of, the Series 2016 Bonds.

OWNERS OF THE SERIES 2016 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, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit 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 Series 2016 Bonds).

THE OPINIONS SET FORTH ABOVE are based on existing law, which is subject to change. Such opinions are further 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 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 as to whether or not the Service will commence an audit of the Series 2016 Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the County as the taxpayer. We observe that the County has covenanted in the Indenture 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 Series 2016 Bonds as includable in gross income for federal income tax purposes.

Very truly yours,

OFFICIAL STATEMENT DATED JANUARY 12, 2016

Ratings:
Moody's: "A2"
Fitch: "A+"
(See "OTHER INFORMATION—Ratings" herein)

NEW ISSUE - Book-Entry-Only

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND THE BONDS ARE NOT "PRIVATE ACTIVITY BONDS." SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL, INCLUDING A DESCRIPTION OF ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS.

$64,440,000
FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016

Interest Accrual Date: Date of Delivery **Due: March 1, as shown on inside cover**

The Bonds . . . The $64,440,000 Fort Bend County, Texas Senior Lien Toll Road Revenue Bonds, Series 2016 (the "Bonds"), are being issued by Fort Bend County, Texas (the "County") pursuant to the Constitution and general laws of the State of Texas, including Chapter 284, Texas Transportation Code, Chapters 1201 and 1371, Texas Government Code, an order adopted by the Commissioners Court of the County, a Senior Lien Toll Road Revenue Bond Trust Indenture dated as of May 15, 2012 (the "Master Indenture"), between the County and Wells Fargo Bank, N.A., as trustee (the "Trustee"), as supplemented and amended to date, and a Third Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated as of February 1, 2016, between the County and the Trustee (the "Third Supplemental Indenture" and, together with the Master Indenture, the "Indenture").

Interest on the Bonds will accrue from their Date of Delivery, and will be payable on March 1 and September 1 of each year, commencing September 1, 2016. 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, together with the County's previously issued and outstanding senior lien toll road revenue bonds and any additional senior lien toll road revenue obligations issued or incurred pursuant to the Indenture, are special obligations of the County secured by and payable solely from a first lien on and pledge of the Trust Estate (as defined herein) established under the Indenture. The Trust Estate includes, among other moneys, funds and accounts, all of the County's right, title and interest in and to the Revenues (as defined herein), which Revenues generally include all amounts derived from the ownership and operation of the Project (as defined herein), all as more fully described herein.. **The Bonds do not constitute an indebtedness of the County, the State of Texas, or any political subdivision thereof within the meaning of any constitutional or statutory limitation on indebtedness, but are payable solely from and secured by a first lien upon the Trust Estate. No owner of the Bonds shall ever have the right to demand payment of the Bonds or any interest or premium thereon from any funds raised or to be raised by taxation**. 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, including right-of-way costs and environmental and engineering costs, for additional Project Segments (as defined herein) of the Westpark Tollway, and (ii) to pay the costs associated with the issuance of the Bonds. See "PLAN OF FINANCING."

Optional Redemption . . . The Bonds maturing on March 1, 2026 and thereafter are subject to optional redemption by the County in whole or from time to time in part, on March 1, 2025 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 County 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 Bracewell & Giuliani LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed on for the Underwriters by Haynes and Boone, LLP, Houston, Texas, and Levi Benton & Associates PLLC, Houston, Texas, Co-Counsel for the Underwriters. Certain legal matters will be passed upon for the County by Roy L. Cordes, Jr., County Attorney, Fort Bend County, Texas and by Andrews Kurth, LLP, Houston, Texas, Special Disclosure Counsel.

Delivery . . . It is expected that the Bonds will be available for delivery through DTC on or about February 9, 2016 ("Date of Delivery").

RAYMOND JAMES

MESIROW FINANCIAL, INC. **SIEBERT BRANDFORD SHANK & CO., L.L.C.**

MATURITY SCHEDULE

$64,440,000
FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016

Maturity Date (March 1)	Principal	Interest Rate	Yield[1]	CUSIP Number[2]
2019	$ 250,000	2.000%	1.070%	346817 BW8
2020	500,000	2.000	1.240	346817 BX6
2021	750,000	2.000	1.380	346817 BY4
2022	1,000,000	5.000	1.530	346817 BZ1
2023	1,250,000	5.000	1.730	346817 CA5
2024	1,285,000	5.000	1.930	346817 CB3
2025	1,605,000	5.000	2.090	346817 CC1
2026[3]	1,685,000	5.000	2.230	346817 CD9
2027[3]	1,775,000	5.000	2.360	346817 CE7
2028[3]	1,875,000	5.000	2.440	346817 CF4
2029[3]	1,985,000	5.000	2.540	346817 CG2
2030[3]	2,060,000	5.000	2.600	346817 CH0
2031[3]	2,210,000	5.000	2.680	346817 CJ6
2032[3]	2,340,000	5.000	2.770	346817 CK3
2033[3]	2,455,000	5.000	2.820	346817 CL1
2034[3]	2,585,000	5.000	2.900	346817 CM9
2035[3]	2,715,000	5.000	2.950	346817 CN7
2036[3]	2,855,000	5.000	3.000	346817 CP2

$16,620,000 5.000% Term Bonds due March 1, 2041[3] - Priced to Yield 3.190%[1] - CUSIP 346817 CU1[2]

$16,640,000 5.000% Term Bonds due March 1, 2045[3] - Priced to Yield 3.240%[1] - CUSIP 346817 CY3[2]

(1) 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.

(2) 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 County nor the Underwriters shall be responsible for the selection or accuracy of the CUSIP numbers set forth herein.

(3) The County reserves the right, at its option, to redeem the Bonds having stated maturities on and after March 1, 2026 in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS—Optional 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 purpose.

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 County 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 County, 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 County or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the County's undertaking to provide certain information on a continuing basis.

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 County. 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.

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Bonds have not been registered or qualified under the Securities Act of the State of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The County assumes no responsibility for the registration or qualification for sale or other disposition of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or 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 or qualification provisions.

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.

None of the County, its Financial Advisor, or 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.

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APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

APPENDIX E – FORM OF OPINION OF BOND COUNSEL

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 Official Statement Summary from the Official Statement or otherwise to use same without the entire Official Statement.

The County	Fort Bend County, Texas (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 Authority	The Fort Bend County Toll Road Authority (the "Authority"), a non-profit local government corporation established and operating pursuant to Chapters 431 and 284, Texas Transportation Code, was established by the County to assist in the construction, maintenance and operation of the toll roads in the County. The County has designated the Authority as the operating board of the Project (defined herein) pursuant to Chapter 284, Texas Transportation Code. See "THE AUTHORITY."
The Bonds	$64,440,000 Fort Bend County, Texas Senior Lien Toll Road Revenue Bonds, Series 2016. The Bonds 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 Date of Delivery (as defined on the front cover page hereof), at the rates per annum set forth on the inside cover page hereof, which interest is payable September 1, 2016 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, 2026 and thereafter are subject to optional redemption in whole or from time to time in part, on March 1, 2025 or any date thereafter at par plus accrued interest to the date of redemption. See "THE BONDS—Optional Redemption."
Authority for Issuance	The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, including Chapter 284, Texas Transportation Code, and Chapters 1201 and 1371, Texas Government Code, the Bond Order of the County, and the Indenture (all as defined herein).
Source of Payment for the Bonds	The Bonds, together with the County's outstanding senior lien toll road revenue bonds and any additional senior lien toll road revenue obligations issued or incurred pursuant to the Indenture, are special obligations of the County secured by and payable solely from a first lien on and pledge of the Trust Estate (as defined herein) established under the Indenture. The Trust Estate includes, among other moneys, funds and accounts, all of the County's right, title and interest in and to the Revenues (as defined herein), which Revenues generally include all amounts derived from the ownership and operation of the Project, all as more fully described herein.
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, including right-of-way costs and environmental and engineering costs, for additional Project Segments (as defined herein) of the Westpark Tollway, and (ii) to pay the costs associated with the issuance of the Bonds. See "PLAN OF FINANCING" and "THE PROJECT."
The Project	The Indenture defines the "Project," in part, as consisting of all of the County's right, title and interest in and to (i) the Fort Bend Parkway and the Westpark Tollway (including any improvements, extensions, and betterments thereto as permitted by the Act (as defined herein)), and (ii) such other project or projects, or interest therein, with which the Project may be pooled pursuant to the Act or other applicable law.
Reserve Fund Requirement	The lesser of (i) the maximum annual debt service on such issue of Bonds or Parity Obligations, (ii) one hundred twenty-five percent (125%) of the average annual debt service on such issue of Bonds or Parity Obligations or (iii) ten percent (10%) of the initial principal amount of such issue of Bonds or Parity Obligations (or sale proceeds in the event that the amount of original issue discount exceeds two percent (2%) multiplied by the stated redemption price at maturity of such issue of Bonds or Parity Obligations).

Toll Covenant	The County has covenanted in the Indenture that it will at all times fix, charge and collect such tolls for use of the Project as will be required each Fiscal Year to produce Revenues which shall equal at least 1.25 times the Aggregate Debt Service on all Toll Road Senior Lien Revenue Bonds, Parity Notes and other Parity Obligations accruing in such Fiscal Year.
Maintenance Tax Covenant	The County has covenanted that so long as the Bonds and any other Toll Road Senior Lien Revenue Bonds or Parity Obligations are Outstanding, it shall in each year levy, assess, and collect an annual maintenance tax on all taxable property within the County fully sufficient in each year (taking into account delinquencies and costs of collection) to produce revenues sufficient to (i) pay as they become due all Project Expenses for which there are insufficient available Revenues or (ii) produce maintenance tax revenues for the Project equal to the amounts budgeted for such purpose in such year by the County, whichever is greater.
Trustee	The Trustee is Wells Fargo Bank, N.A.
Tax Exemption	In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds are not "private activity bonds." See "TAX MATTERS" for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations.
Book-Entry-Only System	The Bonds are initially issuable only to Cede & Co., the nominee of DTC, pursuant to its book-entry-only system. No physical delivery of Bonds will be made to the beneficial owners. See "THE BONDS—Book-Entry-Only System."
Ratings	The Bonds have been assigned ratings of "A2" by Moody's Investors Service, Inc. ("Moody's") and "A+" by Fitch Ratings, Inc. ("Fitch"). See "OTHER INFORMATION—Ratings" herein.
Payment Record	The County has never defaulted in paying the principal of or interest on any of its debt.

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COUNTY OFFICIALS

Elected Officials

Commissioners Court	Position	Length of Service	Term Expires December 31
Robert Hebert	County Judge	13 Years	2018
Richard Morrison	Commissioner - Precinct 1	7 Years	2016
Grady Prestage	Commissioner - Precinct 2	25 Years	2018
Andy Meyers	Commissioner - Precinct 3	19 Years	2016
James Patterson	Commissioner - Precinct 4	17 Years	2018

Other Elected and Appointed Officials

Name	Position	Length of Service to County
Richard Stolleis	County Engineer	3 Years
Ed Sturdivant	County Auditor	12 Years
Jeff Council	County Treasurer	9 Years
Patsy Schultz	Tax Assessor/Collector	11 Years
Roy Cordes, Jr.	County Attorney	10 Years

FORT BEND COUNTY TOLL ROAD AUTHORITY OFFICIALS

Board of Directors

Name	Position	Length of Service	Term Expires January 22
James D. Condrey, DDS	Chairman	17 Years	2020
Bobbie A. Tallas	Vice Chairman	17 Years	2020
Charles Rencher	Secretary	17 Years	2020
William D. Kee	Treasurer/Assistant Vice Chairman	4 Years	2020
Dean Hrbacek	Assistant Secretary	< 1 Year	2020

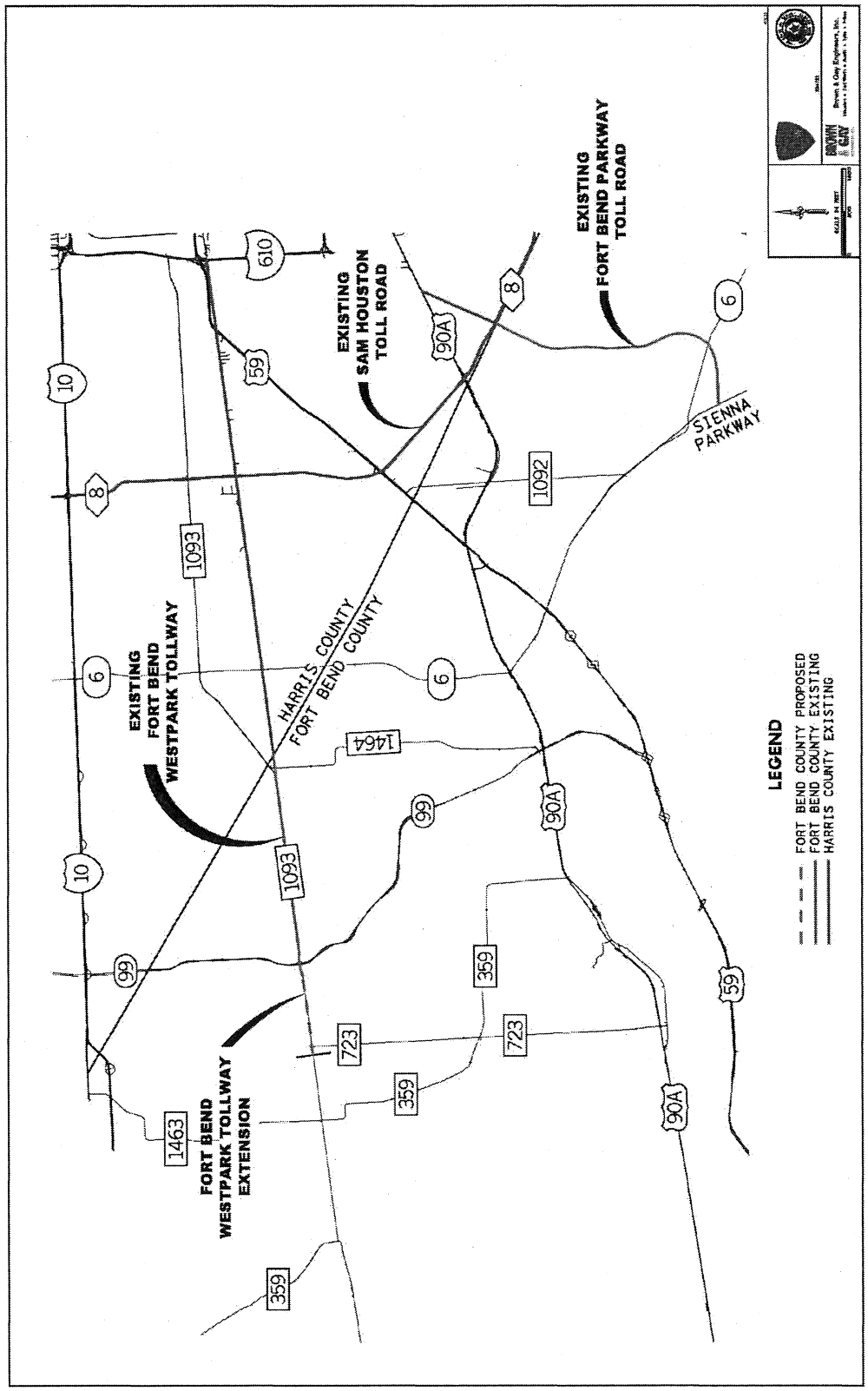
COUNTY CONSULTANTS

Bond Counsel	Bracewell & Giuliani LLP
Special Disclosure Counsel	Andrews Kurth LLP
Financial Advisor	First Southwest Company, LLC

FORT BEND COUNTY TOLL ROAD AUTHORITY CONSULTANTS

General Counsel	The Muller Law Group, PLLC
General Engineering Consultants	Brown & Gay Engineers, Inc.
Operations Consultant	Mike Stone & Associates, Inc.

MAP OF THE PROJECT



OFFICIAL STATEMENT

$64,440,000
FORT BEND COUNTY, TEXAS
SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016

INTRODUCTION

This Official Statement is furnished in connection with the offering by Fort Bend County, Texas (the "County") of its $64,440,000 Fort Bend County, Texas Senior Lien Toll Road Revenue Bonds, Series 2016 (the "Bonds"). The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, including Chapter 284, Texas Transportation Code, Chapters 1201 and 1371, Texas Government Code, an order to be adopted by the Commissioners Court of the County on January 12, 2016 (the "Bond Order"), a Senior Lien Toll Road Revenue Bond Trust Indenture dated as of May 15, 2012 (the "Master Indenture"), between the County and Wells Fargo Bank, N.A., as trustee (the "Trustee"), as amended and supplemented to date, and a Third Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated as of February 1, 2016 (the "Third Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), between the County and the Trustee. All capitalized terms used herein, but not otherwise defined herein, shall have the meanings assigned to them in "APPENDIX C—GLOSSARY OF TERMS" or in the Indenture. A summary of certain provisions of the Master Indenture is included in "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE."

Bonds authorized pursuant to the Indenture, including the Bonds, secured by a first lien on and pledge of the Trust Estate are referred to herein collectively as the "Toll Road Senior Lien Revenue Bonds." The County has previously issued certain Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds (collectively, the "Subordinate Lien Bonds") under a separate indenture, referred to herein as the "2003 Indenture." See "SECURITY AND SOURCE OF PAYMENT—Outstanding Obligations" for the current principal amount of Toll Road Senior Lien Revenue Bonds and Subordinate Lien Bonds.

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

General

The Bonds are being issued for the following purposes: (i) to finance the design, construction, equipment and other miscellaneous costs, including right-of-way costs and environmental and engineering costs, for additional Project Segments of the Westpark Tollway, and (ii) to pay the costs associated with the issuance of the Bonds. The Bonds will finance the construction of an extension of the Westpark Tollway from the Grand Parkway (State Highway 99) to west of FM 723, a distance of 2.628 miles, the right of way acquisition, roadway preparation and drainage and utility relocation to accommodate this segment as well as future segments of the Westpark Tollway from west of FM 723 to west of Cross Creek Ranch Boulevard, a distance of 3.163 miles. See "THE PROJECT."

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Sources and Uses of Funds

Proceeds from the sale of the Bonds, and other lawfully available funds of the County, are expected to be expended as follows:

Sources:	
Principal Amount of the Bonds	$64,440,000.00
Net Premium	10,335,411.85
County Contribution	4,592,000.00
Total	$79,367,411.85
Uses:	
Deposit to Construction Fund	$74,004,200.83
Deposit to Debt Service Reserve Fund	4,592,000.00
Costs of Issuance	340,405.42
Underwriter's Discount	430,805.60
Total	$79,367,411.85

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.

The Bonds will be dated February 1, 2016. Interest on the Bonds will accrue from the Date of Delivery (as defined on the front cover page hereof), and will be payable on March 1 and September 1 of each year, commencing September 1, 2016. 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., the nominee of The Depository Trust Company, New York, New York ("DTC"), 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.

Optional Redemption

The County reserves the right, at its option, to redeem the Bonds maturing on March 1, 2026 and thereafter in whole or from time to time in part, on March 1, 2025 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 Trustee shall select the particular Bonds or portions thereof to be redeemed by lot or other random method as the Trustee in its discretion may deem proper.

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Mandatory Sinking Fund Redemption

The Bonds maturing in the years 2041 and 2045 (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:

$16,620,000 Term Bonds
Due March 1, 2041

Year	Amount
2037	$3,000,000
2038	3,155,000
2039	3,315,000
2040	3,485,000
2041 (maturity)	3,665,000

$16,640,000 Term Bonds
Due March 1, 2045

Year	Amount
2042	$3,855,000
2043	4,050,000
2044	4,260,000
2045 (maturity)	4,475,000

On or before thirty (30) days prior to each redemption date set forth above for Term Bonds, the Trustee shall (i) determine the principal amount of Term Bonds of the same maturity that must be mandatorily redeemed on such date, after taking into account deliveries for cancellation and optional redemptions of such Term Bonds as more fully provided above, (ii) select by lot or other customary random method the Term Bonds of such maturity (or portions thereof) to be mandatorily redeemed on such date 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 such Term Bond which, by the 45th day prior to such redemption date, either has been purchased in the open market and delivered or tendered to the Trustee for cancellation or redeemed at the option of the County as described above and which, in either case, 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 County, of the redemption of such Bonds, which notice shall contain the information required by the Indenture and shall be given by mail, postage prepaid, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption to each registered owner of Bonds to be redeemed at its address shown on the registration books kept by the Trustee.

In the Third Supplemental Indenture, the County reserves the right to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys or Investment Securities, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (ii) that the County retains the right to rescind such notice at any time prior to the scheduled redemption date if the County delivers a certificate of an Authorized Officer of the County to the Trustee instructing the Trustee to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys or Investment Securities are not so deposited or if the notice is rescinded. The Trustee shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default.

If on the redemption date moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest thereon to the redemption date, shall be held by the Trustee, and if notice of redemption shall have been given as required by the Indenture, then, from and after the redemption date interest on the Bonds or portions thereof so called for redemption shall cease to accrue.

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 DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and its book-entry-only system has been provided by DTC for use in disclosure documents such as this Official Statement. The County and the Financial Advisor believe the source of such information to be reliable, but neither of the County or the Financial Advisor takes any responsibility for the accuracy or completeness thereof.

The County 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 United States Securities and Exchange Commission (the "SEC"), 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 Trustee 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 District 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 County or the Trustee, 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 Trustee, or the County, 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 County or the Trustee, 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 County or the Trustee. 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 County 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 Indenture will be given only to DTC.

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 Indenture summarized under "THE BONDS—Transfer, Exchange and Registration" below.

Transfer, Exchange and Registration

Beneficial ownership of the Bonds registered in the name of Cede & Co. will initially be transferred as described in "THE BONDS – Book-Entry-Only System." In the event the Bonds are no longer held in book-entry form, the following provisions of the Indenture will apply.

Exchange of Bonds. Bonds upon surrender thereof at the principal corporate trust office of the Trustee, when surrendered with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Owner or the registered Owner's duly authorized attorney, may, at the option of the registered Owner thereof, and upon payment by such registered Owner of any charges which the Trustee, any Registrar, any Authenticating Agent or the County may make as provided below, be exchanged for an equal aggregate principal amount of Bonds of the same maturity and in any authorized denomination.

Transfer of Bonds. Bonds shall be transferable only upon the books of the County, which shall be kept for that purpose at the principal corporate trust office of the Trustee or other duly authorized Registrar for the Bonds by the registered Owner thereof in person or by the registered Owner's attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee or Registrar duly executed by the registered Owner or the registered Owner's duly authorized attorney.

The Trustee shall keep, or cause to be kept, on behalf of the County at the corporate trust office of the Trustee, a register or registers, in which, subject to such reasonable regulations as the County, the Trustee, and the Registrar may prescribe, the County shall cause Bonds to be registered and shall transfer Bonds as provided in the Indenture. Upon the transfer of any Bond and payment of any required fees, the County shall issue in the name of the transferee a new, fully registered Bond of the same aggregate principal amount and maturity as the surrendered bond.

The County, the Trustee, any Paying Agent, any Registrar, and any Authenticating Agent 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 the County, the Trustee, Paying Agent, any Registrar, and any Authenticating Agent shall not be affected by any notice to the contrary.

Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging or transferring Bonds is exercised, the County shall execute and the Trustee or the duly authorized Authenticating Agent shall authenticate and deliver Bonds in accordance with the provisions of the Indenture. All registered Bonds surrendered in any exchanges or transfers shall forthwith be cancelled by the Trustee or the duly authorized Authenticating Agent. For every such transfer of Bonds, whether temporary or definitive, the County, the Trustee, any Registrar, or any Authenticating Agent may make a charge sufficient to reimburse it or them for any expense, 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 County, the Trustee, the Registrar, or the Authenticating Agent may make reasonable charges to cover the charges and costs of printing Bonds including any Trustee's or Authenticating Agent's charges in connection therewith. The payment of the such sum or sums 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. The Trustee shall not be required to transfer or exchange Bonds for a period of fifteen (15) days next preceding the selection of Bonds for redemption or to transfer or exchange any Bonds called for redemption.

Trustee

The Trustee shall be Wells Fargo Bank, N.A. At all times while any Bonds are outstanding, the County 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 County reserves the right to remove and appoint a successor Trustee for the Bonds. Promptly upon the appointment of any successor Trustee, the previous Trustee shall deliver the Register and any money or property subject to the terms and conditions set forth in the Indenture to the new Trustee.

Defeasance

The County reserves the right to defease the Bonds in accordance with the terms of the Indenture and in any manner now or hereafter permitted by law. See "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE."

Events of Default and 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 such 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 County 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 County 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; (e) take over the possession, administration and management of all funds and accounts required to be maintained by the County under the Indenture; or (f) 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. See "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE."

Enforceability of Remedies

Although an Owner presumably could obtain a judgment against the County if a default were to occur in the payment of principal of, premium, if any, or interest on any Bond, such judgment could not be satisfied by foreclosure on the Project or by execution against any property of the County. The Owner's only practical remedy, if a default were to occur, would be a mandamus or mandatory injunction proceeding seeking to compel the County to fix, charge, and collect tolls in accordance with the toll covenant (see "SECURITY AND SOURCE OF PAYMENT —Toll Covenant") and to apply Revenues as required in the Indenture in order to pay principal of, premium, if any, and interest on the Bonds as they come due. The Owner could be required to enforce such remedy on a periodic basis because no provision exists for acceleration of maturity of the Bonds.

The enforcement of, or claim for payment of principal of or interest on the Bonds, including the remedy of mandamus, and the validity of the pledge of and lien on Revenues, would be subject to the applicable provisions of the federal bankruptcy laws and to any other laws limiting or otherwise affecting the rights or remedies of creditors of counties of the State or of political subdivisions generally.

Special Rights of Bond Insurers and Credit Providers

The Indenture provides that any Supplemental Indenture may provide that issuers of Parity Credit Agreements guaranteeing the payment of principal of and interest on any Toll Road Senior Lien Revenue Bonds or Parity Notes 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 Toll Road Senior Lien Revenue Bonds or Parity Notes or any installment of interest thereon or any reduction in the principal amount or redemption price thereof or the rate of interest thereon.

THE COUNTY

The County was organized in 1838 and operates 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 Commissioner 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 Fort Bend County, Texas. The 2010 Census population for the County was 585,375, an increase of 65% over the 2000 population of 354,452. The population for the County as estimated by the United States Census Bureau was 685,345 for 2014. The County covers approximately 886 square miles located in the greater Houston metropolitan area. The City of Richmond is the County seat.

THE AUTHORITY

The Fort Bend County Toll Road Authority (the "Authority") was created by order of the County on January 28, 1997 to aid, assist and act on behalf of the County in the performance of its essential governmental purpose to provide county roads and turnpikes and other transportation-related projects. The Authority is a non-profit local government corporation established and operating under Chapter 431, Texas Transportation Code, and Chapter 284, Texas Transportation Code.

The Authority is governed by a five-member Board of Directors, each of whom is appointed by the Commissioners Court. The Authority may exercise, with regard to the County's toll road projects, the same power and authority as may be exercised by the Commissioners Court. Such powers include eminent domain. The County has designated the Authority as the operating board of the County's toll road system pursuant to Chapter 284, Texas Transportation Code. Commissioners Court approves 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 needed services and reimburses the County for a portion of the salaries of two (2) employees who work on Toll Road matters.

The Authority is responsible for managing the operations and maintenance of the Project (as defined in the Master Indenture), which currently consists of the Fort Bend Parkway Toll Road (the "Fort Bend Parkway") and the Fort Bend Westpark Tollway (the "Westpark Tollway"). The "Project" is defined in the Master Indenture as meaning: all of the County's right, title and interest (whether such interest is fee, easement, leasehold, contractual or otherwise) in and to (i) the Fort Bend Parkway and the Westpark Tollway and (ii) such other project or projects, or interest therein, with which the Project may be pooled pursuant to the Act or other applicable law (each of which shall be a "Pooled Project"). The Fort Bend Parkway and the Westpark Tollway include without limitation all of the following which are necessary or useful in connection therewith: causeways, bridges, tunnels, turnpikes, highways, or any combination of such facilities, and all overpasses, underpasses, interchanges, entrance plazas, toll houses, service stations, approaches, fixtures, accessories, equipment, and administration, storage and all other buildings, together with all property rights, easements and interests acquired in connection therewith, and any other improvements, extensions, and betterments as may now be permitted by the Act.

As described in "PLAN OF FINANCING," a portion of the proceeds of the Bonds will be used to finance certain costs of additional Project Segments of the Westpark Tollway. See "THE PROJECT—Westpark Tollway."

THE PROJECT

General

The existing network of free highways, roads and streets in the greater Houston area is extensive. Nevertheless, for a number of years many major thoroughfares in the area have carried traffic well in excess of their design capacities during commuting hours. In an election held on November 7, 2000, the voters of the County approved using toll roads to alleviate a portion of the County's traffic problems by authorizing the County to issue up to $140 million of bonds secured by a pledge of its unlimited ad valorem tax. This authorization primarily relates to the Fort Bend Parkway and the Westpark Tollway, both of which connect directly to the existing toll road system in Harris County. See "MAP OF THE PROJECT" herein. The County has issued the entire amount of bonds authorized to finance the design and construction of the initial phases of the Fort Bend Parkway and the Westpark Tollway, and consequently the County has no authorized but unissued unlimited tax toll road bonds. The initial phase of the Fort Bend Parkway, from Beltway 8 at the Harris County-Fort Bend County line south to State Highway 6, became operational and started collecting tolls on August 30, 2004. In the spring of 2014, the Fort Bend Parkway was extended by approximately 2 miles, from State Highway 6 to Sienna Parkway. The initial phase of the Westpark Tollway from its connection to the Harris County Westpark Tollway at the Harris County-Fort Bend County line westward to the Grand Parkway (State Highway 99) became operational and started collecting tolls on August 10, 2005.

The Master Indenture permits the County to construct an addition to, or expansion or improvement of the existing Project (each a "Project Segment"). In addition, pursuant to the Indenture and the laws of the State of Texas, the County may pool the Project, in whole or in part, with one or more other toll projects and issue additional Toll Road Senior Lien Revenue Bonds, Parity Notes or other Parity Obligations for all such purposes. See "SECURITY AND SOURCE OF PAYMENT." The individual Project Segments to be funded with a portion of the proceeds of the Bonds are described below.

Fort Bend Parkway

The Fort Bend Parkway connects east Fort Bend County to the Harris County toll road system. The Fort Bend Parkway consists of a 4-lane limited access toll road commencing at the intersection of Hillcroft Avenue and Beltway 8 (the "Sam Houston Parkway"), which is located in east Fort Bend County approximately 12 miles from downtown Houston, Texas. The Sam Houston Parkway is a toll road and the second of two concentric roadways or loops around downtown Houston operated by the Harris County Toll Road Authority ("HCTRA"). From this intersection, the Fort Bend Parkway follows a generally southerly course, a distance of approximately 8 miles, to an intersection with Sienna Parkway. See "MAP OF THE PROJECT" herein.

The Fort Bend Parkway connects to several transportation projects under the control of other governmental agencies. HCTRA constructed a northerly extension of the Fort Bend Parkway, including a grade-separated crossing of the Sam Houston Parkway from the Sam Houston Parkway to U.S. 90A. See "MAP OF THE PROJECT" herein. This project affords users of the Fort Bend Parkway access to southwest Houston and Loop 610 (the inner loop around Houston) and the Texas Medical Center. The Authority's extension of the Fort Bend Parkway in the spring of 2014 was the first southerly extension of the Fort Bend Parkway to its ultimate connection with the Grand Parkway in south Fort Bend County. The extension runs from State Highway 6 to the intersection of Sienna Parkway, a distance of approximately 2 miles, and consists of a 4-lane limited access toll road.

The Authority concluded preliminary route studies and identification of environmental issues associated with the extension of the Fort Bend Parkway from Sienna Parkway to the future extension of the Grand Parkway, Segment C. There is no current schedule for the design or construction of such future extension of the Fort Bend Parkway.

Westpark Tollway

The initial phase of the Westpark Tollway connects directly to and extends the Harris County Westpark Tollway by approximately 6 miles. The combined Westpark Tollway became operational in 2005 and provides a major east-west traffic corridor to west Harris County and north Fort Bend County and provides additional access to Loop 610 (the inner loop around Houston) and the Sam Houston Parkway (the current outer loop around Houston). HCTRA constructed the portion of the tollway from Loop 610 to FM 1464 near the Harris–Fort Bend County line (the "Harris County Westpark Tollway"). The Authority constructed the portion of the tollway from the Harris–Fort Bend County line to the Grand Parkway (State Highway 99). This portion of the corridor is open to traffic as an eight-lane facility, with four exterior lanes (2 lanes in each direction) as free service roads and four interior lanes (2 lanes in each direction) subject to limited access and tolls.

The County is designing and will construct additional Project Segments of the Westpark Tollway, including tolled main lanes and non-tolled frontage roads from State Highway 99 to west of Cross Creek Ranch Boulevard, a distance of approximately 6 miles. A portion of the proceeds of the Bonds will be used to finance the extension of the tolled main lanes of this Project Segment from State Highway 99 to west of FM 723, the right-of-way acquisition and utility relocation to accommodate this Project Segment as well as future Project Segments. Further extensions of the Westpark Tollway will be constructed in future phases when financially feasible. The Costs of the Project Segment for the non-tolled frontage roads will be funded from other sources available to the County, including a Financial Assistance Agreement with the Texas Department of Transportation ("TxDOT") dated December 19, 2011. Construction of this extension of the Westpark Tollway is contingent upon the County obtaining additional rights-of-way. Issuance of additional bonds, if any, for additional Project Segments is subject to the requirements contained in the Indenture. See "SECURITY AND SOURCE OF PAYMENT—Additional Toll Road Senior Lien Revenue Bonds and Parity Notes" and "–Subordinate Lien Revenue Bonds and Bonds for Special Toll Road Projects."

Operation and Maintenance of the Project

The operation and maintenance of the Project is the responsibility of the Authority. Tolls on the Project are collected exclusively using an electronic toll collection system. The Authority does not issue toll tags, but the toll collection system is able to read the electronic toll collection devices issued by other toll entities of the state (to-wit: HCTRA, TxDOT and North Texas Turnpike Authority). These electronic transactions are processed to the tag issuer via a state-wide system. The toll entities collect revenue from their respective customers and remit revenue attributable to the Project to the Authority after deducting a processing fee. The Authority currently contracts with TransCore, LP for processing electronic toll transactions for the Project. The Authority contracts with Xerox State & Local Solutions, Inc. to collect tolls and fines from toll violators.

The Authority contracts with several outside vendors to provide roadside maintenance, trash collection and equipment maintenance. In addition, the Authority contracts with Fort Bend County Constable Precincts 2 and 3 to provide law enforcement on the Fort Bend Parkway and the Westpark Tollway.

Table 1 - Traffic Count Table (unaudited)

	Fiscal Year Ending September 30					
	2010	2011	2012	2013	2014	2015
Parkway	7,089,050	7,049,289	7,346,366	7,896,828	8,859,986	14,927,001
Westpark	14,535,380	15,224,942	16,741,990	18,586,669	20,121,013	21,391,903
Total Transactions	21,624,430	22,274,231	24,088,356	26,483,497	28,980,999	36,318,904

Source: The County.

Toll Rate Setting Policy

On September 27, 2011, the Commissioners Court 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 review and adjustment of toll rates, with provisions for rounding tolls to appropriate levels. The annual adjustment factor is determined by the greater of (a) 2%, or (b) the most recently published change in the Consumer Price Index for All Urban Consumers ("CPI-U") Houston-Galveston-Brazoria, as published by the Bureau of Labor Statistics. The policy provides that electronic tolling ("EZ-Tag") rates will be rounded to the nearest nickel. The Toll Policy provides guidelines for future rate increases, which will be systematically implemented. The Toll Policy does not supersede toll rate covenants in existing or future bond documents. In the event a conflict exists, the bond toll covenants will prevail in determining the toll rates used on the Authority's toll facilities. The first automatic rate adjustment took effect on October 1, 2011. The Commissioners Court can repeal, suspend or amend the Toll Policy at any time.

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Table 2 - Toll Rate Schedule

The following table sets forth the toll rate schedule for the Project.

Toll Rate Schedule Effective as of April 28, 2015

Fort Bend Parkway

Fondren Main Lane Plaza

Vehicles	Toll Rate	Non-Tag Transactions	Non-Revenue and Exempt Vehicles
2 axle	$0.60	$0.75	$0.00
3 axle	1.20	1.35	0.00
4 axle	1.80	1.95	0.00
5 axle	2.40	2.55	0.00
6 axle	3.00	3.15	0.00

McHard, Lake Olympia and Sienna Main Lane Plazas

Vehicles	Toll Rate	Non-Tag Transactions	Non-Revenue and Exempt Vehicles
2 axle	$0.40	$0.75	$0.00
3 axle	0.80	1.35	0.00
4 axle	1.20	1.95	0.00
5 axle	2.40	2.55	0.00
6 axle	3.00	3.15	0.00

Westpark Tollway

Peek & Westmoor Main Lane Plazas

Vehicles	Toll Rate	Non-Tag Transactions	Non-Revenue and Exempt Vehicles
2 axle	$0.65	$0.80	$0.00
3 axle	1.30	1.45	0.00
4 axle	1.95	2.10	0.00
5 axle	2.60	2.75	0.00
6 axle	3.25	3.40	0.00

Source: The County.

Fort Bend Grand Parkway

In 2007, during the Regular Session of the 80th Texas Legislature, Senate Bill 792 was signed into law giving counties the option to take over development of the Grand Parkway from TxDOT. Under the law, a county must have begun their 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 would revert back to TxDOT. In September of 2009, the Commissioners Court signed its order assuming responsibility for financing, designing, constructing, operating and tolling the Grand Parkway within Fort Bend County. The Fort Bend Grand Parkway Toll Road Authority ("FBGPTRA") was created by the Commissioners Court as a local government corporation pursuant to Chapter 284, Texas Transportation Code, to aid, assist, and act on behalf of the County in the development of the Grand Parkway in Fort Bend County.

In May of 2011, FBGPTRA executed the "Right of Use" agreement with TxDOT, allowing FBGPTRA to use state highway rights-of-way and to begin construction of the nine new tolled overpasses and eight miles of main-lane development that comprise Segment D of the Grand Parkway. Construction of the first two overpasses began in 2011, and all nine overpasses were opened to traffic in the spring of 2014.

FBGPTRA is a separate legal entity from the Authority, although the board members of both entities are the same. By law and contract among Fort Bend County, TxDOT and the other counties through which the Grand Parkway will be built, the Grand Parkway must 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 Grand Parkway and such revenues are not pledged to the Bonds and are not part of the Trust Estate.**

SECURITY AND SOURCE OF PAYMENT

The Indenture and the Bonds

The Bonds are being issued pursuant to the Indenture. The Indenture establishes, among other things, the flow of funds for Revenues and the conditions for the issuance or incurrence of additional obligations secured by and payable from a lien on and pledge of the Trust Estate. Selected provisions of the Master Indenture are contained in APPENDIX D. For a complete copy of the Indenture, contact the County's Bond Counsel, Bracewell & Giuliani, LLP, Attn: Derrick Mitchell, 711 Louisiana St., Suite 2300, Houston, Texas 77002.

Pledge of the Trust Estate

Pursuant to the Indenture, the Toll Road Senior Lien Revenue Bonds (which includes the Bonds) and the Parity Obligations are secured by a first lien on and pledge of all of the County's right, title, and interest in and to the following (collectively, the "Trust Estate"): (i) all moneys and securities in the Debt Service Fund as provided in the Indenture, (ii) all moneys and securities in the Debt Service Reserve Fund Participant Account of the Debt Service Reserve Fund as provided in the Indenture, (iii) the Revenues as further described below to the extent of Revenues collected, (iv) the proceeds of the Toll Road Senior Lien Revenue Bonds or Parity Notes required to be deposited in the Construction Fund pursuant to the Indenture and to Investment Securities held in the Construction Fund, (v) to the extent permitted by law, the proceeds from the sale of Toll Road Bonds and investments thereof from time to time on deposit in the construction fund required to be maintained pursuant to the 2003 Indenture and (vi) any and all property of every kind and nature which may be assigned, hypothecated, endorsed, pledged, granted, or delivered to or deposited with the Trustee as additional security under the Indenture.

The term "Revenues" is defined in the Indenture to mean all amounts derived from the ownership or operation of the Project (including Project Segments) 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, plus any interest income earned on all funds and accounts established under the Master Indenture and under the 2003 Indenture that is required to be transferred to or maintained in the Revenue Fund, the Debt Service Fund, or the Debt Service Reserve Fund, but specifically excluding interest income attributable to any capitalized interest on the Toll Road Senior Lien Revenue Bonds and Parity Notes. The Bonds and any additional Toll Road Senior Lien Revenue Bonds are secured by and payable solely from the Trust Estate and are not secured by or payable from a mortgage or deed of trust on any real, personal, or mixed properties constituting the Project.

The Bonds are special obligations of the County and do not constitute an indebtedness or general obligation of the County, the State of Texas or any political subdivision thereof within the meaning of any constitutional or statutory limitation of indebtedness, but shall be payable solely from and secured by a first lien upon the Trust Estate. No owner of the Bonds shall ever have the right to demand payment of the Bonds or any interest or premium thereon from any funds raised or to be raised by taxation.

Toll Covenant

Under the Indenture, the County has covenanted that it will at all times fix, charge and collect such tolls for use of the Project as will be required each Fiscal Year to produce Revenues which shall equal at least 1.25 times the Aggregate Debt Service on all Toll Road Senior Lien Revenue Bonds, Parity Notes and other Parity Obligations accruing in such Fiscal Year.

The Indenture requires that, before the beginning of each Fiscal Year, the County must review the financial status of the Project in order to estimate and determine whether Revenues for the current Fiscal Year and for the following Fiscal Year will be sufficient to comply with the toll covenant. In connection with the preparation of the Annual Budget for each Fiscal Year, the County is also required to prepare and file with the Trustee a copy of its estimate of Revenues and Debt Service, together with a statement of pertinent estimates and assumptions, which

must take into consideration the cost of completing any uncompleted portion of the Project and the issuance of future series of Toll Road Senior Lien Revenue Bonds or Parity Obligations, if necessary, to finance the completion of the Project. If the County, in adopting any Annual Budget, determines that Revenues may be inadequate to meet this toll covenant, or if the audited financial reports of the County show that the County did not satisfy such covenant for the prior Fiscal Year, the County promptly must engage Independent Traffic Engineers to make a study and recommend a schedule of tolls that (except as otherwise provided in the following paragraph) will provide sufficient Revenues in the following Fiscal Year to comply with the toll covenant and that will provide additional Revenues in such following Fiscal Year and later years in order to eliminate any deficiency at the earliest practicable time. The County will place the recommended schedule of tolls in effect no later than ninety (90) days after the receipt of the recommendation from such Independent Traffic Engineers.

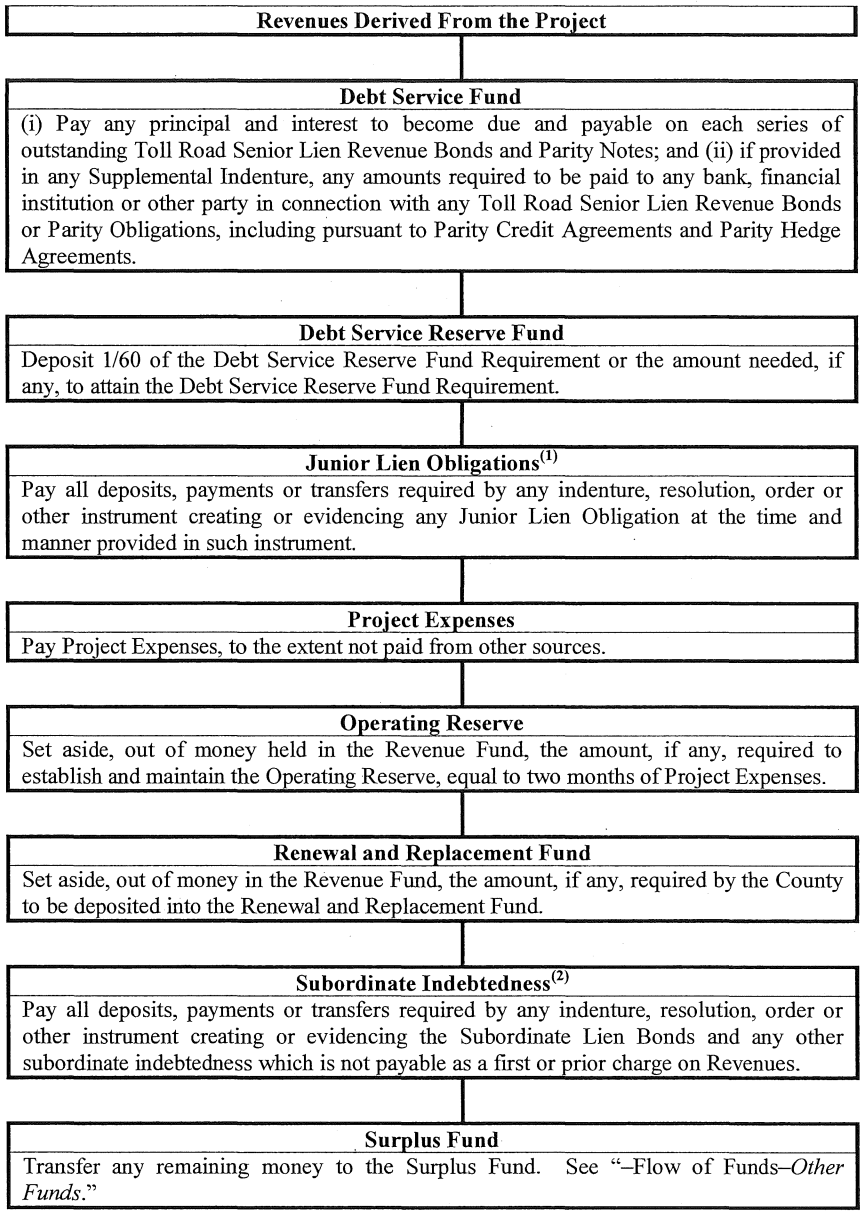
Failure to comply with the toll covenant described above will not constitute an Event of Default if either (i) the County complies with the procedures described in the preceding paragraph or (ii) the County's Traffic Engineers are of the opinion that a toll schedule which will comply with the toll covenant described above is impracticable at that time, and the County therefore cannot comply with the covenant described in the preceding paragraph, and the County establishes a schedule of tolls which is recommended by the County's Traffic Engineers to comply as nearly as practicable with the toll covenant described above.

Maintenance Tax Covenant

So long as any Toll Road Senior Lien Revenue Bonds or Parity Obligations are Outstanding, the County must in each year levy, assess, and collect an annual maintenance tax on all taxable property within the County fully sufficient in each year (taking into account delinquencies and costs of collection) to produce revenues sufficient to (i) pay as they become due all Project Expenses for which there are insufficient available Revenues or (ii) produce maintenance tax revenues for the Project equal to the amounts budgeted for such purpose in such year by the County, whichever is greater. To date, the County has not been required to levy an annual maintenance tax to satisfy such covenant, and the County does not expect to levy such a tax in the foreseeable future. **The proceeds of any such maintenance tax revenues are <u>not</u> part of the Trust Estate and may <u>not</u> be applied to the payment of Debt Service on the Toll Road Senior Lien Revenue Bonds or Parity Obligations.**

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Flow of Funds (Application of Revenues) Under Provisions of the Indenture



(1) To date, the County has not issued any Junior Lien Obligations under the Indenture.
(2) See "—Subordinate Lien Revenue Bonds and Bonds for Special Toll Road Projects."

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Flow of Funds

The Indenture provides for the maintenance of the following funds:

Name of Fund	Held by
Construction Fund	County
Revenue Fund	County
Debt Service Fund	Trustee
Debt Service Reserve Fund	Trustee
Maintenance Tax Fund	County
Renewal & Replacement Fund	County
Surplus Fund	County

The Indenture requires that, except as specifically provided, all Revenues must be deposited into the Revenue Fund, as received. All money at any time in the Revenue Fund must be applied to make transfers to the following funds or to make payments for the following purposes in the following order of priority: (i) into the Debt Service Fund; (ii) into the Debt Service Reserve Fund; (iii) to any funds or accounts established in connection with any Junior Lien Obligations; (iv) for payment or provision for payment of Project Expenses, to the extent not paid from other sources; (v) to maintain the Operating Reserve; (vi) into the Renewal and Replacement Fund; (vii) for payment of subordinate indebtedness, including the Subordinate Lien Bonds; and (viii) into the Surplus Fund. The Debt Service Fund and the Debt Service Reserve Fund are held by the Trustee, while all other Funds and Accounts are held by the County.

Debt Service Fund. The Indenture provides that there must be paid from the Revenue Fund into the Debt Service Fund on or before the last day of each month, amounts which, when added to other amounts in the Debt Service Fund, will provide for the accumulation, in substantially equal monthly installments, of the amounts required to pay the following: (i) any interest to become due and payable on the next Interest Payment Date; (ii) any Principal Installments to become due and payable on or before the next date on which such Principal Installment is payable; and (iii) any amounts required to be paid to any bank, securities dealer, financial institution or other party in connection with the any series of Toll Road Senior Lien Revenue Bonds or Parity Notes for the payment thereof and amounts due under any other Parity Obligation.

Debt Service Reserve Fund. The Indenture further requires the establishment of a Debt Service Reserve Fund for the Toll Road Senior Lien Revenue Bonds and any Parity Obligations, and the maintenance therein, in accordance with the provisions of the Indenture, of amounts equal to the Debt Service Reserve Fund Requirement. Within the Debt Service Reserve Fund, the County shall establish a Debt Service Reserve Fund Participant Account and one or more Debt Service Reserve Fund Non-Participant Accounts. Any series of Toll Road Senior Lien Revenue Bonds shall be designated as a Debt Service Reserve Fund Participant or not. Debt Service Reserve Fund Participants shall have a parity lien on the Debt Service Reserve Fund Participant Account. Any series of Toll Road Senior Lien Revenue Bonds that is not a Debt Service Reserve Fund Participant shall only have a lien on its Debt Service Reserve Fund Non-Participant Account. If the Debt Service Reserve Fund contains less than the aggregate Debt Service Reserve Fund Requirement (as defined in APPENDIX C), on or before the last day of each month, there must be transferred into the Debt Service Reserve Fund, out of the Revenue Fund, an amount equal to 1/60 of the aggregate Debt Service Reserve Fund Requirement or the amount needed to attain the aggregate Debt Service Reserve Fund Requirement, whichever is less, which transfers must continue each month until the Debt Service Reserve Fund contains the aggregate Debt Service Reserve Fund Requirement.

The County may satisfy all or any portion of the Debt Service Reserve Fund Requirement by purchasing a reserve fund surety policy, surety bond, letter of credit or other similar instrument from a financial institution having a long-term credit rating in one of the two highest generic rating categories from at least two nationally recognized rating agencies and having a credit rating or claims paying ability such that it will not cause any nationally recognized rating agency which then has an outstanding rating on any outstanding Toll Road Senior Lien Revenue Bonds or Parity Notes to be withdrawn or lowered.

In addition, the County may purchase Debt Service Reserve Fund Liquidity Facilities that enable the County to sell any investments in the Debt Service Reserve Fund at agreed upon prices at any time the proceeds thereof are required to prevent a default in the payment of Debt Service on any outstanding Toll Road Senior Lien Revenue Bonds or Parity Notes. The purchase of such facility will enable the County to invest a corresponding amount in the Debt Service Reserve Fund in Investment Securities with maturities not exceeding the final maturity

on the outstanding Toll Road Senior Lien Revenue Bonds or Parity Notes and to continuously value such Investment Securities at not less than the purchase price agreed to in such facility.

The Bonds will be, and the Series 2014 Bonds (as defined herein) and Series 2012 Bonds (as defined herein) have been, designated as a Debt Service Reserve Fund Participant and are therefore secured by the Debt Service Reserve Fund Participant Account. The Debt Service Reserve Requirement for the Bonds is $4,592,000, which will be satisfied on the date of issuance thereof with a cash deposit to the Debt Service Reserve Fund Participant Account from other lawfully available funds of the County. The Debt Service Reserve Requirement for the Series 2012 Bonds and Series 2014 Bonds was satisfied with a cash deposit on the respective date of issuance thereof to the Debt Service Reserve Fund Participant Account.

Provision for Junior Lien Obligations. The Indenture permits the establishment of debt service funds, debt service reserve funds and any other funds and accounts required in connection with the issuance of Junior Lien Obligations and the deposit and transfer of Revenues into such funds and accounts after making all required deposits to the Debt Service Fund and Debt Service Reserve Fund but prior to the payment of Project Expenses. To date, the County has not issued any Junior Lien Obligations under the Indenture.

Project Expenses. After the required payments, provisions for payment, deposits and transfers have been made to the Debt Service Fund, Debt Service Reserve Fund, or funds and accounts required for Junior Lien Obligations, as described above, on or before the last day of each month, to the extent not paid from other sources, Project Expenses will be paid from the Revenue Fund. The County has covenanted to levy, assess and collect an annual maintenance tax sufficient to pay as they become due all Project Expenses for which there are insufficient available Revenues. See "—Maintenance Tax Covenant" above.

Other Funds. The Indenture requires the establishment and maintenance of certain other funds. The Operating Reserve, which must be kept in the Revenue Fund, must retain an amount of money equal to two months of Project Expenses, as set out in the County's current Annual Budget for the Project. The County also must maintain a Renewal and Replacement Fund, to be held by the County, which must contain the amount, if any, required by the County from time to time. Money in the Renewal and Replacement Fund may be used for repairs, replacements, extensions, renewals, betterments, improvements, and reconstruction of the Project that are not Project Expenses, and for transfers to the Debt Service Fund and Debt Service Reserve Fund to maintain the required balances in such funds if no other funds are available for such purpose. The Indenture also requires the County to maintain a Surplus Fund, into which moneys will be transferred from the Revenue Fund after all prior transfers and provisions for payment, including provisions for payment of the then Outstanding Subordinate Lien Bonds or other subordinate lien obligations, have been made. Moneys in the Surplus 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 County in connection with the Project, (ii) for transfers to the Debt Service Fund and Debt Service Reserve Fund to maintain the required balances therein if no other funds are available for such purpose, (iii) for the redemption of Toll Road Senior Lien Revenue Bonds, Parity Notes, other Parity Obligations, Junior Lien Obligations or Toll Road Bonds, (iv) to provide for a toll rate stabilization, and (v) to pay capital costs, including without limitation, engineering, land acquisition, and construction for any project on the County's major thoroughfare plan. There is, therefore, no assurance that any surplus Revenues produced in any future period will be retained by the County or be otherwise available to offset any deficit or shortfall in Revenues from operation of the Project in any future periods. See "—Subordinate Lien Revenue Bonds and Bonds for Special Toll Road Projects" below.

In addition, under the terms of the Indenture, and in order to facilitate compliance by the County with the covenants contained therein regarding the exclusion from federal income taxation of the interest on the Bonds, the County reserves the right to request the Trustee to establish rebate accounts with respect to the Bonds to account for the excess arbitrage profits and interest thereon that must be accounted for, or rebated to the United States of America. See "TAX MATTERS."

Outstanding Obligations

After the issuance of the Bonds and the application of the proceeds thereof, the obligations listed below will be outstanding under the Indenture and the 2003 Indenture in the following principal amounts:

	Outstanding Principal Amount
Senior Lien Obligations	
Fort Bend County, Texas, Senior Lien Toll Road Revenue Bonds, Series 2012 (the "Series 2012 Bonds")	$30,775,000
Fort Bend County, Texas, Senior Lien Toll Road Revenue Bonds, Series 2014 (the "Series 2014 Bonds")	$45,000,000
Fort Bend County, Texas, Senior Lien Toll Road Revenue Bonds, Series 2016	$64,440,000
Total Senior Lien Obligations	$140,215,000
Junior Lien Obligations	
None	$0
Subordinate Lien Obligations	
Fort Bend County, Texas, Unlimited Tax and Subordinate Lien Toll Road Revenue Refunding Bonds, Series 2012 (the "Series 2012 Subordinate Lien Bonds")	$115,885,000
Total Subordinate Lien Obligations	$115,885,000

Additional Toll Road Senior Lien Revenue Bonds and Parity Notes

The County reserves the right to issue one or more future series of Toll Road Senior Lien Revenue Bonds or Parity Notes (collectively, "Additional Senior Lien Obligations") under the Indenture in addition to and on parity with the Bonds and the County's previously issued and outstanding Toll Road Senior Lien Revenue Bonds (see "— Outstanding Obligations" above), provided that the following conditions and tests are satisfied:

(i) If such Additional Senior Lien Obligations are being issued to complete a Project Segment, an Independent Consulting Engineer must certify that such series of Additional Senior Lien Obligations is required to be issued to finance Costs of the Project for which there are not funds otherwise available and such Costs of the Project must be incurred in order to complete a Project Segment or to make such improvements, replacements, or major repairs thereto as are essential to the operational and structural integrity and safety thereof;

(ii) In the case of Additional Senior Lien Obligations issued to refund any Toll Road Senior Lien Revenue Bonds, Parity Notes or Debt Service incurred in connection with the Project, the County's Financial Advisor must provide a certificate containing either (a) a calculation showing that the Aggregate Debt Service on all Toll Road Senior Lien Revenue Bonds and Parity Obligations that will be Outstanding after the issuance of such refunding series of Additional Senior Lien Obligations will not increase the Aggregate Debt Service in any year that such Aggregate Debt Service would be scheduled to be payable without the issuance of such refunding series of Additional Senior Lien Obligations; or (b) a statement to the effect that the issuance of such refunding series of Additional Senior Lien Obligations is necessary or is intended to cure or prevent an Event of Default; or (c) a calculation demonstrating that such refunding series of Additional Senior Lien Obligations is necessary to refinance and amortize one or more Principal Installments or scheduled principal maturities which cause Aggregate Debt Service in the Fiscal Year in which they are payable to exceed the average annual Aggregate Debt Service by more than 20%; or

(iii) For all Additional Senior Lien Obligations for which the requirements of (i) or (ii) above are not met, and as an alternative to those requirements, the following must be provided:

(a) An Accountant must certify that for any 12 consecutive months out of the 24 months preceding the month in which the order is adopted authorizing the issuance of Additional Senior Lien Obligations, the coverage of Aggregate Debt Service for such 12 months on all Toll Road Senior Lien Revenue Bonds and Parity Obligations Outstanding prior to the issuance of the Additional Senior Lien Obligations must either be:

(1) at least 1.25 times Net Revenues during such period, as adjusted for any toll increases placed in effect prior to the date the order is adopted authorizing the issuance of the particular Additional Senior Lien Obligations; or

(2) at least 1.50 times Revenues during such period, as adjusted for any toll increases placed in effect prior to the date the order is adopted authorizing the issuance of the particular Additional Senior Lien Obligations; and

(b) An Independent Traffic Engineer must provide a certificate or report for the five-year period ending with the fifth complete Fiscal Year following the date that the Project Segment to be financed with such series of Additional Senior Lien Obligations is to be placed in service containing estimates for each Fiscal Year during such period by such Independent Traffic Engineer of the Aggregate Debt Service on all Toll Road Senior Lien Revenue Bonds and Parity Obligations Outstanding (including the series of Additional Senior Lien Obligations to be issued and any Additional Senior Lien Obligations estimated to be required by such Independent Traffic Engineer to finance the completion of the Project Segment being financed with such series of Additional Senior Lien Obligations), together with estimates of Revenues or Net Revenues (based upon such assumptions as he will set forth in his certificate or report), and calculating that in each of such five Fiscal Years the estimated Aggregate Debt Service will be covered either:

(1) At least 1.25 times Net Revenues during such period; or

(2) At least 1.50 times Revenues during such period.

(c) In lieu of satisfying the coverage test with respect to future Aggregate Debt Service by providing a certificate or report of an Independent Traffic Engineer as described in paragraph (b) above, the County may alternatively provide an Accountant's certification that for any 12 consecutive months out of the 24 months preceding the month in which the order is adopted authorizing the issuance of such Additional Senior Lien Obligations, either the historical Revenues or historical Net Revenues during such period were sufficient to satisfy the requisite coverage test with respect to the future Aggregate Debt Service on all Toll Road Senior Lien Revenue Bonds and Parity Obligations Outstanding (including the series of Additional Senior Lien Obligations then being issued and any additional series estimated to be required to complete any Project Segment being financed with such series) for the five-year period that would be covered by the certificate or report of such Independent Traffic Engineer.

The County plans to satisfy the additional bonds test with respect to the Bonds by providing an Accountant's Certificate pursuant to paragraphs (iii)(a) and (c) above.

Additional Parity Obligations

In addition to providing for the issuance of and security for Toll Road Senior Lien Revenue Bonds, the Indenture provides that the County may issue or incur, on a parity with Toll Road Senior Lien Revenue Bonds, other "Parity Obligations" including (i) "Parity Notes" (pursuant to commercial paper programs or otherwise), (ii) reimbursement obligations with respect to "Parity Credit Agreements" acquired to enhance the security for any Toll Road Senior Lien Revenue Bonds or Parity Notes, and (iii) payment obligations pursuant to certain qualifying "Parity Hedge Agreements" (such as swap agreements) with respect to the payment of Debt Service on any Toll Road Senior Lien Revenue Bonds or Parity Notes.

Generally, the issuance or incurrence of such Parity Obligations secured on a parity with Toll Road Senior Lien Revenue Bonds will be subject to the County's compliance with the same tests (including Revenue coverage tests) that must be satisfied in connection with the issuance of additional Toll Road Senior Lien Revenue Bonds, (see "—Additional Toll Road Senior Lien Revenue Bonds and Parity Notes" above) except that (i) for purposes of calculating Debt Service on Parity Obligations, in the case of the issuance of Parity Notes (including commercial paper notes), the principal amount thereof is deemed to be continuously refinanced under a program that will provide for approximately level amortization of debt service over a period of 30 years after the expiration of any period of time for which capitalized interest is provided, (ii) the County may combine payment obligations under Parity Hedge Agreements with interest due on those Toll Road Senior Lien Revenue Bonds or Parity Notes to which such Parity Hedge Agreements relate in order to obtain a combined Debt Service calculation (e.g., synthetic rate), (iii) future payments of interest or interest components that are variable, adjustable or not ascertainable at the time of calculation will be estimated in the same manner currently provided for Toll Road Senior Lien Revenue Bonds in the Indenture (See "APPENDIX C—GLOSSARY OF TERMS" - definition of "Debt Service") and (iv) once Parity Notes are initially authorized, they may be continually refunded and refinanced through the issuance of other Parity Notes or Toll Road Senior Lien Revenue Bonds without having to resatisfy such Revenue coverage tests.

Subordinate Lien Revenue Bonds and Bonds for Special Toll Road Projects

The County has previously issued certain series of Subordinate Lien Bonds secured by a pledge of County taxes and by a lien on Net Revenues that is subordinate to the lien on Revenues of the Toll Road Senior Lien Revenue Bonds and Parity Obligations. See "—Flow of Funds (Application of Revenues) Under Provisions of the Indenture" and "—Outstanding Obligations" above. The total principal amount of Subordinate Lien Bonds currently outstanding is $115,885,000.

In addition to the Additional Senior Lien Obligations and Parity Obligations described above, the County reserves the right to issue, for any lawful purpose, bonds, notes, or other obligations secured, in whole or in part, by liens on the Revenues that are junior to the lien on Revenues securing payment of the Toll Road Senior Lien Revenue Bonds and Parity Obligations. Such bonds, notes, or other obligations may be secured by liens on the Revenues that are senior to the lien on Revenues securing payment of the Subordinate Lien Bonds. See "—Flow of Funds (Application of Revenues) Under Provisions of the Indenture" above. To the extent that surplus Revenues are used to pay the Subordinate Lien Bonds, or for any other authorized purpose, such Revenues will not be available to offset any deficit or shortfall that may occur in Revenues from operation of the Project in any future periods.

The County also reserves the right to issue revenue bonds secured by liens and pledges of revenues and proceeds derived from special toll road projects that are not a part of the Project. A toll road facility will be deemed not to be part of the Project if it is declared by the County not to be part of the Project, the costs of construction, acquisition, and improvement are paid from proceeds of a financing transaction other than the issuance of bonds payable from Revenues of the Project, and all maintenance and operation expenses are payable from sources other than Revenues of the Project, but only to the extent that and for so long as all or any part of the revenues or proceeds of the toll road facility are or will be pledged to secure the payment or repayment of such costs of construction, acquisition, and improvement under such financing transaction.

TOLL ROAD FINANCIAL INFORMATION

Table 3 - Selected Financial Information

The following table sets forth the audited revenues and expenses of the Authority for Fiscal Years 2010 through 2014, and unaudited revenues and expenses of the Authority for eleven months of Fiscal Year 2015 (through August 31, 2015).

	Fiscal Year Ending September 30,					Eleven Months Ended
	2010	2011	2012	2013	2014	8/31/2015[1][2]
Operating Revenues						
Toll revenue	$ 17,185,507	$ 17,694,231	$ 19,325,050	$ 21,853,536	$ 23,724,115	$ 24,427,773
Total Operating Revenues	17,185,507	17,694,231	19,325,050	21,853,536	23,724,115	24,427,773
Operating Expenses						
Salaries and personnel costs	20,020	30,849	31,527	31,549	33,669	139,025
Fees	3,752,419	3,975,987	4,027,097	3,253,537	3,897,378	3,464,336
Utilities	129,679	124,226	127,960	120,737	125,403	128,901
Depreciation	3,962,606	3,986,219	3,870,677	3,870,676	4,166,469	4,090,407
Total Operating Expenses	7,864,724	8,117,281	8,057,261	7,276,499	8,222,919	7,822,669
Operating Income	9,320,783	9,576,950	11,267,789	14,577,037	15,501,196	16,605,104
Non-Operating Revenues						
Earnings on investments	165,305	354,629	523,604	180,323	175,305	250,346
Amortization of bond premiums	142,955	142,955	3,107,603	1,109,451	1,117,852	-
Miscellaneous income	8,175	54,501	1,781	-	2,065	3,281
Total Non-Operating Revenues	316,435	552,085	3,632,988	1,289,774	1,295,222	253,627
Non-Operating Expenses						
Interest on long-term debt	6,753,431	6,720,764	4,705,623	7,652,789	7,552,458	3,865,678
Debt service fees	6,000	6,000	6,000	17,750	14,750	11,000
Amortization of bond discounts	-	-	3,885	11,656	11,656	
Amortization of debt issuance costs	-	-	1,494,267	-	-	518,776
Total Non-Operating Expenses	6,759,431	6,726,764	6,209,775	7,682,195	7,578,864	4,395,454
Net income before contributions	2,877,787	3,402,271	8,691,002	8,184,616	9,217,554	12,463,277
Capital grants and contributions	480,002	-	761,500	-	-	6,108
Operating contribution from Fort Bend Grand Parkway Toll Road Authority	-	518,338	-	-	-	
Change in Net Assets	3,357,789	3,920,609	9,452,502	8,184,616	9,217,554	12,469,385
Total Net Assets, Beginning of Year	38,169,340	41,527,129	45,447,738	54,900,240	63,084,856	72,302,410
Total Net Assets, End of Year	$ 41,527,129	$ 45,447,738	$ 54,900,240	$ 63,084,856	$ 72,302,410	$ 84,771,795

Source: The County.
(1) Unaudited.
(2) Restated.

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Table 4 - Historical Toll Road Operating Results and Coverages

Fiscal Year 9/30	Project Revenues	Other Earnings	Senior Lien Debt Service	Coverage Ratio on Senior Lien Debt Service	O&M Expenses[1]	Revenues Available for Subordinate Lien Debt Service	Subordinate Lien Debt Service	Coverage Ratio on Subordinate Lien Debt Service
2010	$ 17,185,507	$ 653,483	n/a	n/a	$ 3,902,118	$ 13,936,872	$ 6,759,431	2.062 x
2011	17,694,231	927,468	n/a	n/a	4,131,061	14,490,638	8,131,431	1.782 x
2012	19,325,050	1,286,885	$ 287,342	71.733 x	4,186,584	16,138,009	5,134,341	3.143 x
2013	21,853,536	180,323	1,126,700	19.556 x	3,405,823	17,501,336	8,615,726	2.031 x
2014	23,724,115	177,370	1,126,700	21.214 x	4,056,450	18,718,335	8,185,431	2.287 x

Source: The County.
(1) Excludes capital expenditures and depreciation pursuant to certain covenants under the Indenture.

For fiscal year 2014, the Project produced revenues of $23,724,115 and revenues available for subordinate lien debt service of $18,718,335. Subordinate lien debt service was $8,185,335, resulting in coverage of subordinate lien debt service of 2.287 times.

Traffic and Toll Revenue Study

CDM Smith Inc. has prepared a Fort Bend County Toll Road Authority Systemwide Comprehensive Level Traffic & Toll Revenue Study (the "Traffic and Revenue Study") that sets forth the estimated traffic and toll revenue for the Project, including the Westpark Tollway extension to be financed with the proceeds of the Bonds, from 2015 through 2054, assuming an anticipated opening of the Westpark Tollway extension on February 1, 2018. The Traffic and Revenue Study was prepared in October 2015 and supplemented on December 23, 2015. The Traffic and Revenue Study is available through the Electronic Municipal Market Access ("EMMA") system at http://emma.msrb.org/ES746582-ES585355-ES981213.pdf. The revenue forecasts in the Traffic and Revenue Study are based upon certain assumptions described therein, and such study is not a guarantee of any future events or trends.

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Table 5 - Debt Service Requirements

Fiscal Year September 30	Existing Senior Lien Debt Service[1]	The Bonds Principal	The Bonds Interest	The Bonds Total	Outstanding Senior Lien Debt Service [1]	Outstanding Subordinate Lien Debt Service [1]	Total Debt Service
2016	$ 4,485,400		$ 1,782,650	$ 1,782,650	$ 6,268,050	$ 8,839,625	$ 15,107,675
2017	4,551,550		3,177,000	3,177,000	7,728,550	9,346,625	17,075,175
2018	4,614,413		3,177,000	3,177,000	7,791,413	9,921,875	17,713,288
2019	4,673,563	$ 250,000	3,174,500	3,424,500	8,098,063	10,157,625	18,255,688
2020	4,737,700	500,000	3,167,000	3,667,000	8,404,700	10,321,875	18,726,575
2021	4,810,875	750,000	3,154,500	3,904,500	8,715,375	10,333,000	19,048,375
2022	4,878,850	1,000,000	3,122,000	4,122,000	9,000,850	10,339,125	19,339,975
2023	4,896,825	1,250,000	3,065,750	4,315,750	9,212,575	10,320,250	19,532,825
2024	4,895,047	1,285,000	3,002,375	4,287,375	9,182,422	10,354,875	19,537,297
2025	4,897,769	1,605,000	2,930,125	4,535,125	9,432,894	10,332,250	19,765,144
2026	4,889,788	1,685,000	2,847,875	4,532,875	9,422,663	10,342,125	19,764,788
2027	4,881,019	1,775,000	2,761,375	4,536,375	9,417,394	10,347,875	19,765,269
2028	4,876,806	1,875,000	2,670,125	4,545,125	9,421,931	10,339,000	19,760,931
2029	4,874,281	1,985,000	2,573,625	4,558,625	9,432,906	10,329,875	19,762,781
2030	4,872,931	2,060,000	2,472,500	4,532,500	9,405,431	10,357,188	19,762,619
2031	4,870,456	2,210,000	2,365,750	4,575,750	9,446,206	10,317,375	19,763,581
2032	4,861,731	2,340,000	2,252,000	4,592,000	9,453,731	10,311,500	19,765,231
2033	4,861,406	2,455,000	2,132,125	4,587,125	9,448,531		9,448,531
2034	4,854,131	2,585,000	2,006,125	4,591,125	9,445,256		9,445,256
2035	4,849,656	2,715,000	1,873,625	4,588,625	9,438,281		9,438,281
2036	4,842,631	2,855,000	1,734,375	4,589,375	9,432,006		9,432,006
2037	4,844,406	3,000,000	1,588,000	4,588,000	9,432,406		9,432,406
2038	4,834,600	3,155,000	1,434,125	4,589,125	9,423,725		9,423,725
2039	4,832,144	3,315,000	1,272,375	4,587,375	9,419,519		9,419,519
2040	4,827,697	3,485,000	1,102,375	4,587,375	9,415,072		9,415,072
2041		3,665,000	923,625	4,588,625	4,588,625		4,588,625
2042		3,855,000	735,625	4,590,625	4,590,625		4,590,625
2043		4,050,000	538,000	4,588,000	4,588,000		4,588,000
2044		4,260,000	330,250	4,590,250	4,590,250		4,590,250
2045		4,475,000	111,875	4,586,875	4,586,875		4,586,875
Total	$ 120,315,675	$ 64,440,000	$ 63,478,650	$ 127,918,650	$ 248,234,325	$ 172,612,063	$420,846,388

(1) See "SECURITY AND SOURCE OF PAYMENT--Outstanding Obligations."

Investments

The County invests its 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.

A political subdivision such as the County may enter into 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 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 include a list of authorized investments for County funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. 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 6 - Current Investments

As of September 30, 2015, the Authority's investable funds attributable to the Authority were invested in the following categories:

Description	Book Value	Market Value	Percent of Total
Demand Deposits	$ 76,243,994	$ 76,243,994	95.16%
Investment Pools	292,855	292,855	0.37%
Money Market Funds	3,587,562	3,587,562	4.48%
	$ 80,124,411	$ 80,124,411	100.00%

TAX MATTERS

Tax Exemption

In the opinion of Bracewell & Giuliani LLP, Bond Counsel, under existing law (i) interest on the Bonds is excludable from gross income for federal income tax purposes and (ii) the Bonds are not "private activity bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except as described below in the discussion regarding the adjusted current earnings adjustment for corporations.

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 bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond 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 County has covenanted in the Indenture that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Indenture pertaining to those sections of the Code that 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 County, the County's Financial Advisor and the Underwriters with respect to matters solely within the knowledge of the County, the County's Financial Advisor and the Underwriters, respectively, which Bond Counsel has not independently verified. If the County fails to comply with the covenants in the Indenture or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion 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, or REMIC), 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.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds.

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 thereof. 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 as to 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 County as the taxpayer and the Owners 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 regardless of the ultimate outcome of the audit.

Additional Federal Income Tax Considerations

Collateral Tax Consequences. 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, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit 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. Prospective purchasers of the Bonds should also be aware that, 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.

Tax Accounting Treatment of Original Issue Premium. The issue price of all of the Bonds exceeds the stated redemption price payable at maturity of the Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state,

local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

CONTINUING DISCLOSURE OF INFORMATION

In the Third Supplemental Indenture, 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 obligated to advance funds to pay the Bonds. 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 Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The County will provide certain updated financial information and operating data, which is customarily prepared by the County and is publicly available, annually to the MSRB. The financial information and operating data which will be provided with respect to the County include all quantitative financial information and operating data of the general type included in this Official Statement under Tables 1 through 5 and in Appendices A and B. The County will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2016. Any financial statements so provided shall be 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 principles, and audited if the County commissions an audit of such statement and the audit is completed within the period during which it must be provided. If the audit of such financial statements is not completed within such period, then the County shall provide unaudited financial information and operating data which is customarily prepared by the County for the applicable fiscal year within six months of the end of the fiscal year, and audited financial statements when and if the audit report becomes available.

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.

Event Notices

The County will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The County will provide notice of any of the following events with respect to the Bonds: (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 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 events affecting the tax-exempt 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 or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the County or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the County 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 (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds

nor the Indenture makes any provision for credit or liquidity enhancement. In addition, the County will provide timely notice of any failure by the County to provide information, data, or financial statements in accordance with its agreement described above under "—Annual Reports."

Availability of Information from MSRB

The County has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through the EMMA internet portal at www.emma.msrb.org.

Limitations and Amendments

The County has agreed to update information and to provide notices of certain 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 or beneficial owners 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 but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby 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 either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or 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 such agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent an underwriter from lawfully purchasing the Bonds in the initial offering. If the County so amends the agreement, it has agreed to include with any financial information or operating data next 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.

OTHER INFORMATION

Ratings

The Bonds have been assigned a rating of "A2" by Moody's Investors Service, Inc. ("Moody's") and "A+" by Fitch Ratings, Inc. ("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 County 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.

No Litigation

Neither the County nor the Authority is a party to (i) any litigation nor aware of any pending or threatened litigation to restrain or enjoin the issuance or delivery of the Bonds or which would affect the provisions made for their payment or security or in any manner question the validity of the Bonds or (ii) other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the County or the Authority, would have a material adverse effect on the financial condition of the County or the Authority.

Environmental Regulations and Air Quality

Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality ("TCEQ") may impact new industrial, commercial and residential development in Houston and adjacent areas. Under the Clean Air Act Amendments of 1990, the eight-county Houston-Galveston-Brazoria area ("HGB Area") – Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty counties – was designated by the EPA in 2008 as a severe ozone nonattainment area. Such areas are required to demonstrate progress in reducing ozone concentrations each year until the EPA "8-hour" ozone standards are met. Both the TCEQ and EPA took comments on the submission of a new State Implementation Plan ("SIP") which would account for the severe classification of the HGB Area, and on March 10, 2010, the TCEQ adopted a series of SIP revisions and associated rule revisions for the HGB nonattainment area for the 1997 eight-hour ozone standard. New designation submittals were due to the EPA in March 2011 to comply with a newly lowered EPA ozone standard – because the standard was lowered in 2010, the HGB Area remains in severe nonattainment. To provide for reductions in ozone concentrations to reach the newly lowered ozone standard, the EPA and the TCEQ will continue to impose increasingly stringent limits on sources of air emissions and require any new source of significant air emissions to provide for a net reduction of air emissions. If the HGB Area fails to demonstrate progress in reducing ozone concentrations or fails to meet EPA's standards, EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects, as well as severe emissions offset requirements on new major sources of air emissions for which construction has not already commenced.

In order to comply with the EPA's standards for the HGB Area, the TCEQ has proposed SIPs setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB Area. In response to the severe ozone nonattainment designation, the TCEQ adopted additional control technologies in order to achieve attainment, and it is possible that these additional controls could have a negative impact on the HGB Area's economic growth and development.

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 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 of Texas, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the County 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 County will furnish a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Bonds are valid and legally binding obligations of the County, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to a like effect. The form of Bond Counsel's opinion is included in APPENDIX E.

Bond Counsel was not requested to participate, and did not take part, in the preparation of this 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 relating to the Bonds and the Indenture in this Official Statement under the captions "THE BONDS" (except for the information under the subheadings "Book-Entry-Only System" and "Enforceability of Remedies"), "SECURITY AND SOURCE OF PAYMENT," "CONTINUING DISCLOSURE OF INFORMATION" and "OTHER INFORMATION—Legal Matters" (except for the third and fourth paragraphs of such subheading), and in "APPENDIX C – GLOSSARY OF TERMS" and "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF

THE MASTER INDENTURE" to verify that the information relating to the Bonds and the Indenture contained under such captions and in APPENDIX C and APPENDIX D accurately and fairly reflect the provisions thereof, and the information under the captions "TAX MATTERS" and "OTHER INFORMATION—Legal Investments and Eligibility to Secure Public Funds in Texas" to verify that the information under such captions is correct as to matters of law and fairly and accurately presents the information therein.

Andrews Kurth LLP, Houston, Texas, has been engaged by the County to serve as Special Disclosure Counsel for this transaction and is expected to render the customary opinion with respect to the material contained in this Official Statement. Certain legal matters will be passed on for the Underwriters by their co-counsel, Haynes and Boone, LLP and Levi Benton & Associates PLLC. The legal fees to be paid Bond Counsel, Special Disclosure Counsel and co-counsel to the Underwriters for services rendered in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues expressly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise from the transaction.

Financial Advisor

First Southwest Company, LLC ("FirstSouthwest") is employed as Financial Advisor to the County in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. FirstSouthwest, in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the County 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 County 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.

FirstSouthwest is in the process of merging with its common control affiliate, Hilltop Securities Inc. ("HilltopSecurities"). The merger is expected to be completed at the close of business on January 22, 2016, at which time HilltopSecurities, as the surviving entity, automatically assumes all rights and obligations of FirstSouthwest.

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the County, pursuant to a bond purchase agreement with the County for a purchase price of $74,344,606.25 (representing the principal amount of the Bonds, plus an original issuance premium of $10,335,411.85, less an underwriter's discount of $430,805.60). 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.

Forward-Looking Statements

The statements contained in this Official Statement that are not purely historical, are forward-looking statements, including statements regarding the expectations, hopes, intentions, or strategies of the County regarding the future. Investors 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 County on the date hereof, and the County assumes no obligation to update any such forward-looking statements. The 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 County. 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 County'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 Bond 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.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these statements have been or will be realized. Information in this Official Statement has been derived by the County from official and other sources and is believed by the County to be accurate and reliable. Information other than that obtained from official records of the County has not been independently confirmed or verified by the County and its accuracy is not guaranteed.

/s/ Robert Hebert
County Judge
Fort Bend County, Texas

ATTEST:

/s/ Laura Richard
County Clerk
Fort Bend County, Texas

APPENDIX A

EXCERPTS FROM THE COUNTY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2014

Sandersen Knox & Co, L.L.P.
Certified Public Accountants
130 Industrial Blvd, Suite 130 • Sugar Land, Texas 77478 • 281/242-3232 • fax 281/242-3252 • www.sknc.com

INDEPENDENT AUDITORS' REPORT

To the Honorable Robert E. Hebert, County Judge
and Members of Commissioners Court
Fort Bend County, Texas

Report on the Financial Statements

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, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Fort Bend County, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Fort Bend County, Texas, as of September 30, 2014, and

the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 3–13 and 62–75 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fort Bend County, Texas' basic financial statements. 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 basic financial statements.

The combining and individual nonmajor fund financial statements and the 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the budgetary comparison schedules are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2015, on our consideration of Fort Bend County, Texas' 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* in considering Fort Bend County, Texas' internal control over financial reporting and compliance.

Sugar Land, Texas
March 20, 2015

As management of Fort Bend County, Texas (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, 2014. 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 and deferred outflows of resources of the County exceeded its liabilities at the close of the most recent fiscal year by $721.9 million ("net position"). Of this amount, there is a deficit of $119.7 million in unrestricted net position due to the continued liability increase for other post-employment benefits ("OPEB") that now totals $189.8 million.
- The County's total net position increased by $6.0 million.
- As of the close of the current fiscal year, the County's governmental funds reported a combined ending fund balance of $79.2 million, a decrease of $13.6 million from the prior year.
- At the end of the current fiscal year approximately $14.3 million is available for spending at the government's discretion in the General Fund (unassigned fund balance). This unassigned fund balance amounts to 6.5% of total General Fund expenditures.
- The County's total assets and deferred outflow of resources increased by $13.2 million and total liabilities increased by $7.2 million during the current fiscal year.

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 consist of 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 intended to furnish additional detail to support 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 position presents financial information on all of the County's assets, liabilities, and deferred inflows/outflows, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 services, 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 64 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 the Debt Service Fund, which are considered to be major funds. Data from the other 62 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 this 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 this 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 five 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 financial statements can be found on pages 32 through 59 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 75 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities by $721.9 million at the close of the most recent fiscal year.

CONDENSED SCHEDULE OF NET POSITION

September 30, 2014 and 2013

	Primary Government Governmental Activities	
	2014	**2013**
Current and other assets	$ 120,055,964	$ 142,426,224
Capital assets, net	1,180,129,294	1,144,837,253
Total Assets	1,300,185,258	1,287,263,477
Total Deferred Outflows of Resources	319,879	
Long-term liabilities	544,004,790	529,564,188
Other liabilities	34,578,311	41,814,224
Total Liabilities	578,583,101	571,378,412
Net Position:		
Net investment in capital assets	839,830,725	811,299,625
Restricted	1,753,831	1,414,427
Unrestricted	(119,662,520)	(96,828,987)
Total Net Position	$ 721,922,036	$ 715,885,065

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 $839.8 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.

A portion of the County's net position, $1.8 million, represents resources that are subject to external restrictions on how they may be used. The deficit balance for unrestricted net position of $119.7 million was due primarily to the growing OPEB liability that now totals $189.8 million.

The County's assets exceeded its liabilities by $721.9 million, which is an increase of $6.0 million from the prior year. This increase is primarily due to the following: decrease in cash of $18.8 million due to the expense of bond funds for road projects; decrease in due from component units of $3.4 million due to a reduction of accounts payable transactions at the end of September; increase in capital assets of $35.3 million due to construction of new facilities and construction and contribution of new roads; decrease in accounts payable of $7.4 million due to a reduction of transactions at the end of September; an increase in OPEB liability of $31.0 million, and a decrease of $17.1 million in bonds payable due to scheduled debt service payments.

SCHEDULE OF CHANGES IN NET POSITION

For the years ended September 30, 2014 and 2013

	Primary Government Governmental Activities	
	2014	2013
Revenues		
Program revenues:		
Charges for services	$ 44,948,760	$ 44,068,025
Operating grants and contributions	33,096,456	33,304,392
Capital grants and contributions	36,540,480	30,132,207
General revenues:		
Property taxes	222,838,642	207,458,672
Sales taxes	4,214,553	2,956,560
Earnings on investments	880,712	963,652
Other	4,373,699	5,537,404
Total Revenues	346,893,302	324,420,912
Expenses		
General administration	47,178,578	42,034,040
Financial administration	9,809,215	8,849,251
Administration of justice	96,510,853	94,210,925
Construction and maintenance	57,430,317	50,078,091
Health and welfare	34,976,018	34,630,163
Cooperative services	1,152,222	1,067,104
Public safety	58,412,120	55,866,404
Parks and recreation	3,379,366	2,069,935
Libraries and education	17,170,818	16,156,200
Interest on long-term debt	14,836,824	15,536,759
Total Expenses	340,856,331	320,498,872
Change in Net Position	6,036,971	3,922,040
Net Position, Beginning	715,885,065	711,963,025
Net Position, Ending	$ 721,922,036	$ 715,885,065

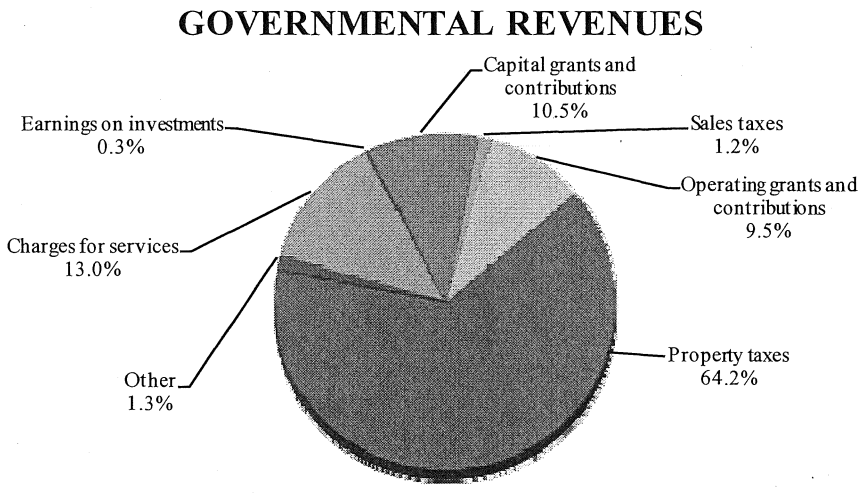
At the end of the current fiscal year, the County was able to report a positive balance in net position for the government as a whole. The same situation held true for the prior fiscal year.

Governmental activities increased the County's net position by $6.0 million. This increase is up from last year's increase of $3.9 million. The key elements of this change in net position are as follows:

- Increase in property taxes of $15.4 million due to an increase in property valuations.
- Increase in sales taxes of $1.3 million due to an increase in sales from current and new businesses located in the County Assistance Districts.
- Increase in capital grants and contributions of $6.4 million resulting from an increase in capital contributions of infrastructure of $8.0 million, a decrease in Texas Department of Transportation and local participation in mobility projects of $3.5 million, a donation in the current year of $3.5 million for the purchase of Gordon Ranch, and the absence of a $2.0 million donation for the Courthouse renovation that was received in the prior year.
- Decrease in other revenue of $1.2 million primarily due to a reduction in miscellaneous reimbursements for capital projects, refunds from accounts payable transactions, and forfeited asset revenue.

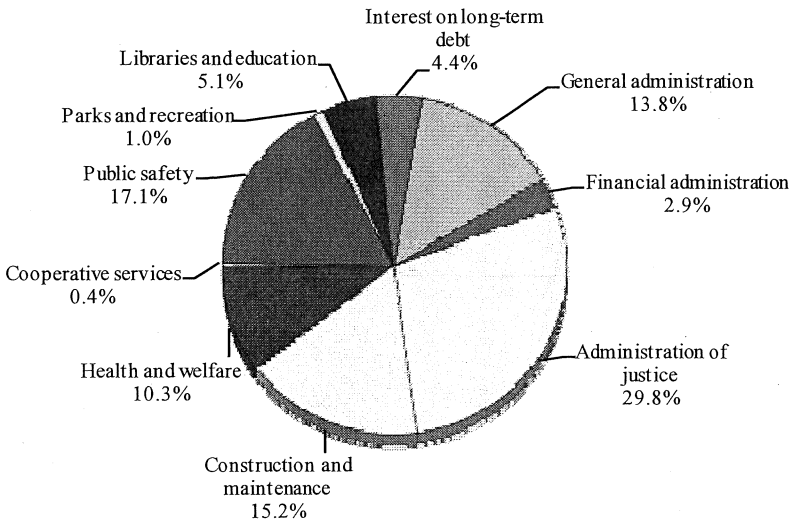
- General administration expenses increased by $5.1 million primarily due to the following:
  - Increase of $4.8 million in payroll and related costs due to personnel increases and movement of the jail maintenance responsibility to the facilities department.
  - Increase of $2.8 million due to TIRZ payments made in the current year.
  - Decrease of $2.2 million due to the movement of property/casualty/liability insurance activity from the General Fund to the Other Self-Funded Insurance internal service fund.
- Financial administration expenses increased by $1.0 million primarily due to the following:
  - Increase of $0.7 million in payroll and related costs.
- Administration of justice expenses increased by $2.3 million primarily due to the following:
  - Increase of $4.7 million in payroll and related costs.
  - Decrease of $0.8 million in fees due to elimination of the jail maintenance contract.
  - Decrease of $1.7 million in depreciation expense for facilities in prior years.
- Construction and maintenance expenses increased by $7.4 million primarily due to the following:
  - Increase of $8.1 million in fees due to an increase in payments made to other jurisdictions for contributions for infrastructure.
  - Increase of $1.2 million in depreciation due to the increase in completed projects.
  - Decrease of $2.0 million in depreciation expense for donated bridges in prior years.
- Public safety expenses increased by $2.5 million primarily due to the following:
  - Increase of $2.4 million in payroll and related costs.
- Parks and recreation expenses increased by $1.3 million primarily due to the following:
  - Increase of $0.4 million in payroll and related costs.
  - Increase of $0.6 million in depreciation expense for improvements to Freedom Park in prior years.
- Libraries and education expenses increased by $1.0 million primarily due to the following:
  - Increase of $0.6 million in payroll and related costs.
  - Increase of $0.1 million in depreciation expense.
  - Increase of $0.1 million in other operating expenses.
- Interest on long-term debt decreased by $0.7 million due to the scheduled reduction of outstanding debt.
- Transfers out increased by $3.8 million, primarily due to a transfer of $2.7 million to the Other Self-Funded Insurance internal service fund.

Governmental revenues for fiscal year 2014 are graphically displayed as follows:



Governmental functional expenses for fiscal year 2014 are graphically displayed as follows:

GOVERNMENTAL FUNCTIONAL EXPENSES



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 $79.2 million. Of this, $14.2 million is unassigned fund balance and available for day-to-day operations within the General Fund. $22.7 million is committed fund balance for capital projects within the General Fund. $41.8 million is restricted fund balance for General, Debt Service, and the non-major governmental funds in the amounts of $0.2 million, $2.8 million, and $38.8 million respectively. $0.4 million is nonspendable fund balance for the General Fund and the non-major governmental funds in the amount of $0.4 million and $45.4 thousand, respectively, for prepaid items.

There was a decrease in the combined fund balance of $13.6 million from the prior year for the governmental funds. This overall decrease was primarily due to a decrease in the non-major capital project funds of $20.9 million. Non-major special revenue funds increased by $6.9 million and the Debt Service Fund increased by $0.3 million. General Fund balance increased by $0.1 million which is down from the previous year's increase of $1.4 million. This net decrease in change in fund balance for General Fund of $1.3 million is primarily due to the following factors:

- Increase in General Fund property tax allocation of $12.5 million due to increased property valuations.
- Increase in fees of office collections of $2.2 million due to increase in services from all the governmental functions.
- Decrease in federal funds of $0.8 million primarily due to an increase in uncompensated care reimbursement from CMS for EMS of $1.4 million and a decrease in grant funding of $2.0 million.

- Increase in prisoner housing of $2.3 million due to increased housing of state and federal inmates.
- Decrease in state funds of $0.8 million primarily due to a reduction of right of way funding from Texas Department of Transportation.
- Decrease in local funds of $1.9 million primarily due to the absence of a $2.0 million donation for the Courthouse restoration.
- Increase in miscellaneous reimbursements of $2.4 million primarily due to an increase in capital project participation from other entities.
- General administration expenditures increased by $3.8 million primarily due to:
    - Increase of $2.8 million in TIRZ payments.
    - Increase of $2.1 million due to the movement of Jail Maintenance and Interdepartmental Construction cost centers to general administration from other governmental functions.
    - Decrease of $2.2 million due to the movement of property/casualty/liability activity from General Fund to Other Self-Funded Insurance internal service fund.
    - Increase of $1.1 million in retiree insurance and cost of living increase.
- Financial administration expenditures increased by $0.7 million primarily due to an increase in payroll and related costs of the Tax Assessor/Collector.
- Administration of justice expenditures increase by $3.0 million primarily due to additional employees and cost-of-living adjustments.
- Health and welfare expenditures increased by $2.1 million primarily due to:
    - Increase in payroll for EMS and 1115 Waiver projects of $1.2 million.
    - Increase in overtime for EMS of $0.4 million.
    - Increase in 1115 Waiver project expenses of $0.6 million.
- Public safety expenditures increased by $2.2 million primarily due to:
    - Increase of $2.0 million in payroll and related costs of patrol staff for the Sheriff's and Constables' Offices.
- Parks and recreation expenditures increased by $0.4 million primarily due to the costs of operating Gordon Ranch, which was purchased in the current year.
- Libraries and education increased by $0.6 million primarily due to an increase in payroll and related costs.

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 position balance at fiscal year-end of $0.9 million, which is a $1.5 million decrease from the prior year. This decrease was primarily caused by a budgeted reduction in net position from 2013. The Other Self-Funded Insurance Fund has a deficit net position balance of $2.8 million at fiscal year-end, which is a slight improvement over the previous year's deficit net position balance of $2.9 million. The allocation for the Other Self-Funded Insurance Fund will continue to be increased in future fiscal years to eliminate this deficit net position balance.

General Fund Budgetary Highlights

During the year there was a net decrease of $10.5 million in expenditure appropriations between the original and final amended budget. The main components of this decrease were based on the following: $2.7 million decrease for general administration; $0.4 million increase for administration of justice; $5.4 million decrease for health and welfare; $3.2 million decrease for public safety; $0.3 million decrease for libraries and education; and a $0.7 million increase for capital outlay.

General Fund revenues exceeded the amended budget by $8.6 million for the year. The reasons for this surplus are detailed as follows:

- Property taxes resulted in revenues of $3.8 million excess over budget due to an increased collection rate above what was projected.

- Fees and fines resulted in $3.2 million in excess revenues due to continued increased collections of fines, fees and court costs.
- Intergovernmental revenue resulted in $2.0 million in excess primarily due to increased housing of federal prisoners of $1.4 million and increased allotment from the Texas Indigent Defense Commission of $0.4 million.
- Miscellaneous revenue resulted in a shortfall of $0.4 million primarily due to reduced library fees assessed.

General Fund expenditures fell short of the amended budget by $1.3 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 for significant negative variances is detailed as follows:

- General administration had one budget shortfall within individual budget categories for Non-Departmental of $144,965. This shortfall did not cause an overall budget deficit within general administration, however, procedures have been put in place to prevent this in the future.
- Health and welfare had two minor budget shortfalls within individual budget categories for Ambulance-EMS and Public Transportation, of $87 and $815, respectively. These shortfalls did not cause an overall budget deficit within health and welfare, however, procedures have been put in place to prevent this in the future.
- Public safety had one minor budget shortfall within individual budget categories for Sheriff Enforcement Operating of $2,551. This shortfall did not cause an overall budget deficit within public safety, however, procedures have been put in place to prevent this in the future.
- Other financing (uses) had a budget shortfall of $3,032,697 in transfers (out). $2,722,000 of this was caused by the movement of the cost center for Property/Casualty/Liability insurance from the General Fund to an internal service fund.

Capital Assets and Debt Administration

Capital Assets - At the end of fiscal year 2014, the County's governmental activities had invested $1.2 billion in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents an increase of approximately $35.3 million over the previous fiscal year.

	Governmental Activities	
	2014	**2013**
Non-Depreciable Capital Assets		
Land	$ 383,045,250	$ 366,817,209
Construction in progress	34,795,920	38,166,402
Depreciable Capital Assets, Net		
Vehicles	13,382,605	12,309,823
Office furniture and equipment	7,197,175	8,290,442
Machinery and equipment	10,185,953	10,969,480
Buildings, facilities and improvements	264,701,569	249,108,374
Infrastructure	466,820,822	459,175,523
Totals	$ 1,180,129,294	$ 1,144,837,253

Construction in progress at year-end represents numerous ongoing projects, the largest of which are: Mobility Bond projects for $26.7 million; Westpark B frontage road project for $2.4 million; and Utility Relocation-Greenbusch project for $1.5 million.

Long-Term Debt - At the end of the current fiscal year, the County had total bonds outstanding of $330.1 million. This is a decrease of $17.4 million from the prior year due to the scheduled debt service payments made during fiscal year 2014. OPEB liability increased by $31.0 million based on the actuarial valuation dated September 30, 2014, to a total balance of $189.8 million.

	Governmental Activities	
	2014	2013
General obligation bonds	$ 330,110,000	$ 347,555,000
Premiums on bonds	17,598,537	17,257,865
Accrued compensated absences	6,536,895	5,970,991
Other post-employment benefits ("OPEB") obligation	189,759,358	158,780,332
Totals	$ 544,004,790	$ 529,564,188

The County received an insured rating of Aaa from Moody's and Standard and Poors on issuances prior to 2009. Subsequent County issuances were not insured and therefore retained the uninsured ratings. The uninsured ratings were as follows:

Moody's – Aa1
Fitch – 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 of 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, 2014, approximately $9.5 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, 2014, approximately $136.4 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 as the economy improves.

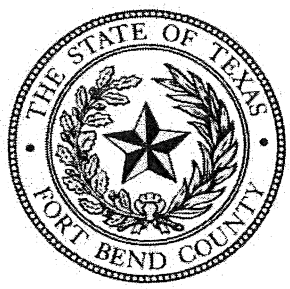
The population of the County is estimated at 652,365 in 2014 and is expected to grow to 776,950 by 2020.

The number of households has increased to 220,070 in 2015 and is expected to grow to 255,510 by 2020. Mean household income for 2015 is $172,088 and is estimated to rise to $204,744 by 2020. Income per capita is currently at $56,291 and is expected to grow to $67,786 by 2020.

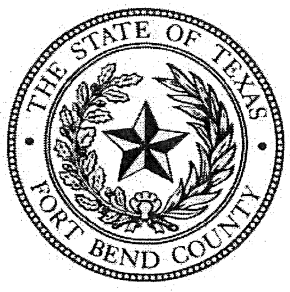
The Commissioners Court approved a $290.2 million total budget for the 2015 fiscal year. This is a 6.97% increase over the adopted 2014 fiscal year budget. The increase in the budget is primarily due to a County-wide cost of living increase along with capital outlay totaling $10.1 million. The overall tax rate decreased from $0.49976 per $100 of assessed valuation for 2014 to $0.49476 per $100 valuation for 2015.

Requests for Information

This financial report is designed to provide a general overview of Fort Bend County, Texas 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 701, 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 POSITION
September 30, 2014

	Primary Government	
	Governmental Activities	Component Units
Assets		
Cash and cash equivalents	$ 91,177,639	$ 94,300,493
Investments		450,783
Receivables:		
Property taxes, net	5,867,673	
Sales taxes	890,741	
Grants	9,041,303	
Fines and fees	4,319,143	
Other	5,033,192	3,682,110
Prepaid items	433,773	5,500
Due from Fort Bend Grand Parkway Toll Road Authority		167,765
Due from component units	3,292,500	
Capital assets, not being depreciated	417,841,170	18,519,599
Capital assets, net of accumulated depreciation	762,288,124	278,727,167
Total Assets	1,300,185,258	395,853,417
Deferred Outflows of Resources		
Deferred charges-debt refunding	319,879	10,850,203
Total Deferred Outflows of Resources	319,879	10,850,203
Liabilities		
Accounts payable and accrued expenses	28,662,152	3,900
Retainage payable	926,690	3,952,552
Accrued interest payable	1,288,111	1,172,852
Unearned revenues	2,955,972	
Due to primary government		3,292,500
Due to Fort Bend County Toll Road Authority		167,765
Due to other governments	745,386	
Long-term liabilities due within one-year	18,384,224	2,575,000
Long-term liabilities due in more than one-year	525,620,566	338,029,404
Total Liabilities	578,583,101	349,193,973
Net Position (Deficit)		
Net investment in capital assets	839,830,725	(15,540,863)
Restricted for:		
Debt service	1,753,831	9,451,906
Unrestricted	(119,662,520)	63,598,604
Total Net Position	$ 721,922,036	$ 57,509,647

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2014

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	$ 47,178,578	$ 8,323,648	$ 3,626,019	$ 3,500,000
Financial administration	9,809,215	6,497,643		
Administration of justice	96,510,853	8,400,556	10,213,349	
Construction and maintenance	57,430,317	6,759,102	372,129	32,683,107
Health and welfare	34,976,018	7,371,859	14,782,021	
Cooperative services	1,152,222		200	
Public safety	58,412,120	7,125,686	3,932,646	357,373
Parks and recreation	3,379,366	193,631	100,286	
Libraries and education	17,170,818	276,635	69,806	
Interest on long-term debt	14,836,824			
Total Primary Government	$ 340,856,331	$ 44,948,760	$ 33,096,456	$ 36,540,480
Component Units:				
FBC Surface Water Supply Corporation	$	$	$	$
FBC Toll Road Authority	14,683,931	23,724,115		
FB Grand Parkway Toll Road Authority	11,317,366	6,770,539		
FBC Housing Finance Corporation	18,072	53,919		
FBC Industrial Development Corporation	15,798			
Total Component Units	$ 26,035,167	$ 30,548,573	$	$

General Revenues:	
Property taxes, penalties, and interest	
Sales taxes	
Earnings on investments	
Miscellaneous	
Total General Revenues	
Changes in Net Position	
Net Position, Beginning of Year	
Net Position, End of Year	

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position	
Primary Government	Component Units
Governmental Activities	
$ (31,728,911)	$
(3,311,572)	
(77,896,948)	
(17,615,979)	
(12,822,138)	
(1,152,022)	
(46,996,415)	
(3,085,449)	
(16,824,377)	
(14,836,824)	
(226,270,635)	
	9,040,184
	(4,546,827)
	35,847
	(15,798)
	4,513,406
222,838,642	
4,214,553	
880,712	258,070
4,373,699	2,065
232,307,606	260,135
6,036,971	4,773,541
715,885,065	52,736,106
$ 721,922,036	$ 57,509,647

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2014

	General Fund	Debt Service Fund	Non-major Governmental Funds	Totals Governmental Funds
Assets				
Cash and cash equivalents	$ 39,695,212	$ 2,726,546	$ 44,803,106	$ 87,224,864
Taxes receivable, net	3,047,631	272,848	1,498,903	4,819,382
Penalties and interest receivable on delinquent taxes, net	1,650,574	14,562	273,896	1,939,032
Grants receivable	8,458,942		582,361	9,041,303
Fines and fees receivable	4,319,143			4,319,143
Other receivables	3,047,213	27,985	1,809,873	4,885,071
Due from other funds	5,700,282		18,781	5,719,063
Due from component units	3,292,500			3,292,500
Prepaid items	386,965		45,408	432,373
Total Assets	$ 69,598,462	$ 3,041,941	$ 49,032,328	$ 121,672,731
Liabilities				
Accounts payable	$ 15,509,675	$	$	$ 15,509,675
Accrued payroll	6,048,555			6,048,555
Retainage payable	191,129		735,561	926,690
Due to other funds	247,741		5,901,490	6,149,231
Due to other governments	745,386			745,386
Total Liabilities	22,742,486		6,637,051	29,379,537
Deferred Inflows of Resources				
Unavailable revenue-property taxes	3,047,631	272,848	608,162	3,928,641
Unavailable/unearned revenue-other	6,283,845	14,562	2,915,740	9,214,147
Total Deferred Inflows of Resources	9,331,476	287,410	3,523,902	13,142,788
Fund Balances				
Nonspendable	386,965		45,408	432,373
Restricted	209,080	2,754,531	38,829,136	41,792,747
Committed	22,676,941			22,676,941
Unassigned	14,251,514		(3,169)	14,248,345
Total Fund Balances	37,524,500	2,754,531	38,871,375	79,150,406
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 69,598,462	$ 3,041,941	$ 49,032,328	$ 121,672,731

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 POSITION
September 30, 2014

Total fund balances, governmental funds	$ 79,150,406
Amounts reported for governmental activities in the Statement of Net Position 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 Position.	1,179,490,463
Other long-term assets are not available to pay for current period expenditures and are therefore deferred in the funds.	10,186,816
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 Position.	(1,932,627)
Some liabilities 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 Position.	
Bonds payable	(330,110,000)
Deferred charges on debt refunding	319,879
Compensated absences	(6,536,895)
Other post-employment benefits ("OPEB") obligation	(189,759,358)
Premiums on issuance of debt	(17,598,537)
Accrued interest is not due and payable in the current period and therefore not reported in the funds.	(1,288,111)
Net Position of Governmental Activities	$ 721,922,036

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, 2014

	General Fund	Debt Service Fund	Non-major Governmental Funds	Totals Governmental Funds
Revenues				
Property taxes	$ 169,990,645	$32,594,407	$ 20,407,255	$222,992,307
Sales taxes			4,214,553	4,214,553
Fines and fees	34,136,127		10,970,406	45,106,533
Intergovernmental	23,252,647		13,646,448	36,899,095
Earnings on investments	589,520	26,112	232,902	848,534
Miscellaneous	6,601,567		1,641,703	8,243,270
Total Revenues	234,570,506	32,620,519	51,113,267	318,304,292
Expenditures				
Current:				
General administration	40,451,397		1,027,513	41,478,910
Financial administration	7,883,935		7,099	7,891,034
Administration of justice	57,156,400		20,085,753	77,242,153
Construction and maintenance	2,497,848		32,877,095	35,374,943
Health and welfare	27,026,085		3,241,146	30,267,231
Cooperative services	944,039			944,039
Public safety	46,011,792		677,103	46,688,895
Parks and recreation	2,411,558			2,411,558
Libraries and education	13,551,652		62,223	13,613,875
Capital Outlay	22,461,153		18,503,433	40,964,586
Debt Service:				
Principal		16,250,000		16,250,000
Interest and fiscal charges		15,893,399		15,893,399
Bond issuance costs		234,472		234,472
Total Expenditures	220,395,859	32,377,871	76,481,365	329,255,095
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,174,647	242,648	(25,368,098)	(10,950,803)
Other Financing Sources (Uses)				
Transfers in	9,784		11,761,360	11,771,144
Transfers (out)	(14,066,553)		(426,591)	(14,493,144)
Refunding bonds issued		18,900,000		18,900,000
Payment to refunded bond escrow agent		(21,065,913)		(21,065,913)
Premium on refunding bonds issued		2,202,026		2,202,026
Total Other Financing Sources (Uses)	(14,056,769)	36,113	11,334,769	(2,685,887)
Net Change in Fund Balances	117,878	278,761	(14,033,329)	(13,636,690)
Fund Balances, Beginning of Year	37,406,622	2,475,770	52,904,704	92,787,096
Fund Balances, End of Year	$ 37,524,500	$ 2,754,531	$ 38,871,375	$ 79,150,406

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, 2014

Net change in fund balances - total governmental funds	$ (13,636,690)
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 ($40,964,586) exceeded depreciation expense ($34,349,797) in the current period.	6,614,789
Capital contributions of infrastructure are reported in the government-wide financial statements but not in the fund financial statements.	28,972,177
Governmental funds report the entire net sales prices (proceeds) from the sales of capital assets as revenue because they provide current financial resources. The change in net position differs from the change in fund balance by the cost of capital assets sold.	(260,349)
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 position. Also, governmental funds report the effect of 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.	
Debt issued:	
General obligation bonds	(18,900,000)
Premium on bonds issued	(2,202,026)
Repayments:	
Principal repayments	16,250,000
Payment to escrow agent for refunding	21,065,913
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.	
Compensated absences	(565,904)
Accrued interest	80,726
Other post-employment benefit ("OPEB") obligation	(30,979,026)
Amortization of bond premiums	1,224,228
Amortization of deferred charge on refunding	(13,907)
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.	(153,665)
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.	(1,459,295)
Change in net position of governmental activities	$ 6,036,971

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS
STATEMENT OF NET POSITION (DEFICIT)
PROPRIETARY FUNDS
September 30, 2014

	Governmental Activities Internal Service Funds
Assets	
Current Assets:	
Cash and cash equivalents	$ 3,952,775
Prepaid expenses	1,400
Due from other funds	646,748
Other receivables	148,121
Total Current Assets	4,749,044
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	638,831
Total Noncurrent Assets	638,831
Total Assets	5,387,875
Liabilities	
Current Liabilities:	
Benefits payable	7,103,922
Due to other funds	216,580
Total Current Liabilities	7,320,502
Total Liabilities	7,320,502
Net Position (Deficit)	
Net investment in capital assets	638,831
Unrestricted	(2,571,458)
Total Net (Deficit)	$ (1,932,627)

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION (DEFICIT)
PROPRIETARY FUNDS
For the Year Ended September 30, 2014

	Governmental Activities
	Internal Service Funds
Operating Revenues	
Charges for services	$ 36,647,900
Total Operating Revenues	36,647,900
Operating Expenses	
Current operations - general administration	1,664,035
Benefits provided	39,197,341
Total Operating Expenses	40,861,376
Operating (Loss)	(4,213,476)
Non-Operating Revenues	
Earnings on investments	32,181
Total Non-Operating Revenues	32,181
(Loss) before transfers	(4,181,295)
Transfers in	2,722,000
Change in Net (Deficit)	(1,459,295)
Total Net (Deficit), Beginning of Year	(473,332)
Total Net (Deficit), End of Year	$ (1,932,627)

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, 2014

	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities	
Charges for services	$ 35,274,043
Payment of benefits	(38,655,219)
Payment of general administration expenses	(1,630,859)
Net Cash (Used) by Operating Activities	(5,012,035)
Cash Flows from Investing Activities	
Interest earned on investments	32,181
Net Cash Provided by Investing Activities	32,181
Cash Flows from Non-Capital Financing Activities:	
Transfers from other funds	2,722,000
Net Cash Provided by Non-Capital Financing Activites	2,722,000
Net (Decrease) in Cash and Cash Equivalents	(2,257,854)
Cash and Cash Equivalents, Beginning of Year	6,210,629
Cash and Cash Equivalents, End of Year	$ 3,952,775
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities	
Operating (Loss)	$ (4,213,476)
Adjustments to operations:	
Depreciation	34,576
Change in assets and liabilities:	
(Increase) in prepaid expenses	(1,400)
(Increase) in other receivables	(148,121)
Decrease in due from other funds	848,363
(Decrease) in due to other funds	(2,074,099)
Increase in benefits payable	542,122
Total Adjustments	(798,559)
Net Cash (Used) by Operating Activities	$ (5,012,035)

The accompanying notes are an integral part of these financial statements.

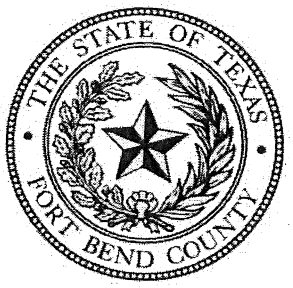
FORT BEND COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

September 30, 2014

	Agency Funds
Assets	
Cash and cash equivalents	$ 29,999,468
Miscellaneous receivables	922,904
Total Assets	$ 30,922,372
Liabilities	
Due to other governments	$ 30,922,372
Total Liabilities	$ 30,922,372

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 POSITION (DEFICIT)
COMPONENT UNITS
September 30, 2014

	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	$ 7,729	$ 66,677,966	$ 27,306,476	$ 67,230	$ 241,092	$ 94,300,493
Investments				450,783		450,783
Due from Fort Bend Grand Parkway Toll Road Authority		167,765				167,765
Miscellaneous receivables		1,891,562	1,500,548	290,000		3,682,110
Prepaid items			5,500			5,500
Capital assets, not being depreciated		18,492,878	26,721			18,519,599
Capital assets, net of accumulated depreciation		145,293,941	133,433,226			278,727,167
Total Assets	7,729	232,524,112	162,272,471	808,013	241,092	395,853,417
Deferred Outflows of Resources						
Deferred charges-debt refunding		10,850,203				10,850,203
Total Deferred Outflows of Resources		10,850,203				10,850,203
Liabilities						
Accounts payable				3,900		3,900
Retainage payable			3,952,552			3,952,552
Due to Fort Bend County Toll Road Authority			167,765			167,765
Due to primary government		2,627,293	665,207			3,292,500
Accrued interest payable		574,502	598,350			1,172,852
Long-term liabilities:						
Due within one year		2,575,000				2,575,000
Due in more than one year		165,295,110	172,734,294			338,029,404
Total Liabilities		171,071,905	178,118,168	3,900		349,193,973
Net Position (Deficit)						
Net investment in capital assets		11,026,993	(26,567,856)			(15,540,863)
Restricted for:						
Debt service		2,915,323	6,536,583			9,451,906
Unrestricted	7,729	58,360,094	4,185,576	804,113	241,092	63,598,604
Total Net Position (Deficit)	$ 7,729	$ 72,302,410	$(15,845,697)	$ 804,113	$ 241,092	$ 57,509,647

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT)
COMPONENT UNITS
For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services
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	8,222,919	23,724,115
Interest on long-term debt	6,461,012	
Total Fort Bend County Toll Road Authority	14,683,931	23,724,115
Fort Bend Grand Parkway Toll Road Authority		
Toll road operations	4,684,647	6,770,539
Interest on long-term debt	6,632,719	
Total Fort Bend Grand Parkway Toll Road Authority	11,317,366	6,770,539
Fort Bend County Housing Finance Corporation		
General administration	18,072	53,919
Total Fort Bend County Housing Finance Corporation	18,072	53,919
Fort Bend County Industrial Development Corporation		
General administration	15,798	
Total Fort Bend County Industrial Development Corporation	15,798	
Totals Component Units	$ 26,035,167	$ 30,548,573
General Revenues:		
Earnings on investments		
Miscellaneous		
Total General Revenues		
Changes in Net Position (Deficit)		
Net Position (Deficit), Beginning of Year		
Net Position (Deficit), End of Year		

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position					
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
$	$	$	$	$	$
	15,501,196				15,501,196
	(6,461,012)				(6,461,012)
	9,040,184				9,040,184
		2,085,892			2,085,892
		(6,632,719)			(6,632,719)
		(4,546,827)			(4,546,827)
			35,847		35,847
			35,847		35,847
				(15,798)	(15,798)
				(15,798)	(15,798)
	9,040,184	(4,546,827)	35,847	(15,798)	4,513,406
19	175,305	81,124	781	841	258,070
	2,065				2,065
19	177,370	81,124	781	841	260,135
19	9,217,554	(4,465,703)	36,628	(14,957)	4,773,541
7,710	63,084,856	(11,379,994)	767,485	256,049	52,736,106
$ 7,729	$ 72,302,410	$ (15,845,697)	$ 804,113	$ 241,092	$ 57,509,647

The accompanying notes are an integral part of these financial statements.

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. The District's governing body is the same as the County's and there is a financial benefit relationship between the County and the District. Financial information for the District is available at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

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 Fort Bend County Drainage District. Commissioners Court appoints the Board of Directors and approves all budgets and expenditures. The Corporation provides services entirely to the County and the debt service of the Corporation is repaid entirely by the County. Financial information for the FBFCWSC is available at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

Fort Bend County Assistance Districts ("CADs")
The CADs are special districts authorized for creation by counties under chapter 387 of the Texas Local Government Code. CADs have the power to impose a sales and use tax for the following purposes: (1) the construction or maintenance of roads and highways; (2) provision of law enforcement and detention services; (3) maintenance or improvement of libraries, museums, parks or other recreational facilities; (4) provision of services that benefit the public health and welfare, including fire-fighting services; and (5) promotion of economic development and tourism. Currently there are five CADs (#1, #2, #4, #5, and #6) within Fort Bend County. CADs are political subdivisions of the state and each CAD has its own governing body, which is a five member Board of Directors. Each CADs' governing body is the same as the County's and there is a financial benefit relationship between the County and the CAD. Financial information is available at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

Discretely Presented Component Units

Discretely presented component units are presented in a separate column in the government-wide financial 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 government-wide financial statements:

Fort Bend County Toll Road Authority ("FBCTRA")
The FBCTRA is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. It was created to assist in the planning, designing, financing and building of county roads and highways. In particular, the FBCTRA 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 Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

Fort Bend Grand Parkway Toll Road Authority ("FBGPTRA")
The FBGPTRA is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. It was created to assist in the planning, designing, financing and building of county roads and highways. In particular, the FBGPTRA 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 Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

Fort Bend County Surface Water Supply Corporation ("FBCSWSC")
The FBCSWSC was established for the purpose of conducting a feasibility study of a surface water facility in the area. Currently, its 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 Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

Fort Bend County Housing Finance Corporation ("FBCHFC")
The FBCHFC was established under the Texas Housing Finance Corporation Act. It 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 FBCHFC do not constitute a debt or a pledge of faith by the FBCHFC, 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. Financial information is available by contacting the Fort Bend County Housing Finance Corporation, Thomas Shirley – President, 2214 Avenue H, Rosenberg, Texas 77471.

Fort Bend County Industrial Development Corporation ("FBCIDC")
The FBCIDC was established under the Development Corporation Act of 1979 ("Act"). It 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 FBCIDC do not constitute a debt or a pledge of faith by the FBCIDC, 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. Financial information is available at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 701, Richmond, Texas 77469.

B. Implementation of New Standards

In the current fiscal year, the County implemented the following new standard:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB 65 is reflected in the financial statements and notes to financial statements.

Also, with this implementation, deferred charges, which consist of bond issuance costs and were amortized over the term of the bonds, are no longer recognized, but are accounted for as an expense in the period incurred. Therefore, the beginning net position on the Statement of Activities has been adjusted to reflect the portion of deferred charges that were incurred in prior years. The impact of the implementation of GASB 65 is a decrease of $3,397,939 in beginning net position.

C. 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 activities; therefore no business-type activities are presented within the basic financial statements. In the government-wide Statement of Net Position, 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 position is not presented. All assets reported in agency funds should be offset by a corresponding liability, resulting in zero net position.

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, deferred inflows of resources, 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: Unlimited Tax Road Bonds Series 2006, Unlimited Tax Road Bonds Series 2007, Fort Bend Flood Control Water Supply Corporation Refunding Bonds Series 2010, Facilities Limited Tax Bonds Series 2007, Unlimited Tax Road Bonds Series 2009, Justice Center Limited Tax Bonds Series 2009, Unlimited Tax Road Refunding Series 2009, Unlimited Tax Road Bonds Series 2012, and Unlimited Tax Road Refunding Series 2014. Revenues in this fund are comprised of property taxes levied against property located in the County. These funds are restricted for the payment of debt service obligations.

The County also reports the following fund 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.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 fund balance.

The government-wide statements of net position 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 position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

The accounts of the Governmental Fund Types (the General Fund, Special Revenue Funds, Debt Service Fund, 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 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 financial statements of the proprietary fund types and certain component units 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.

E. 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. Significant encumbrances outstanding at year-end are represented in aggregate within the respective fund balance category (restricted or committed) on the face of the balance sheet. Additional information regarding significant encumbrances is included in Note 12 on page 57 in the section entitled "Committed to". Unencumbered appropriations lapse at the end of the fiscal year.

F. 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.

G. 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.

H. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

I. 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.

J. Capital Assets

Capital assets used in governmental and proprietary fund types of the government are recorded as expenditures of the General, Special Revenue, Capital Projects, and Internal Service Funds and as capital 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 an 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 any resulting gain or loss is included in the results of operations.

The County applies a half-year convention for depreciation on all capital 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	5 to 39 years
Infrastructure	20 to 45 years

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide

statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County does not have any items that qualify for reporting in this category.

L. 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. 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 a component unit).

M. 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.

N. 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.

O. Net Position and Fund Balance

Net Position Classifications

Net position in government-wide financial statements are classified in three categories: 1) Net investment in capital assets, 2) Restricted net position, and 3) Unrestricted net position. Net position is shown as restricted if constraints placed on use are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Classifications

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. Fund balances are required to be reported according to the following classifications:

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. When restricted and unrestricted fund balance exists for the same purpose, restricted fund balance will be used first.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by the County's Board. The commitment of fund balance requires the highest level action of the Board to constitute a binding constraint on fund balance as defined by Texas Local Government Code 111.010 (d). This statute provides that the Commissioners Court (County's Board) by order may amend the budget to transfer an amount budgeted for one item to another budgeted item without authorizing an emergency expenditure. This can only be achieved by majority vote of approval of the County's Board. Commitments may only be changed or lifted by majority vote of approval of the County's Board. The proposed action of the Board with regard to creation or modification of a commitment must also be clearly posted on the Board's agenda in advance of taking any action.

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 (a) 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. As of the date of this report, the County's Board has not authorized any other official to have the authority to assign fund balance; therefore the assignment of fund balance must be made by approval of the Board.

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.

When various unrestricted fund balance is available for the same purpose, the County will use committed fund balance first, assigned fund balance next, and unassigned fund balance last.

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.

P. 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.

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 expenditures/expenses during the reporting period. Actual amounts could differ from those estimates.

R. Date of Managements' Review

In preparing the financial statements, the County has evaluated events and transactions for potential recognition or disclosure through March 20, 2015, 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 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.

Commissioners Court has adopted a written investment policy regarding the investment of its funds as defined by the PFIA. 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 PFIA, 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, 2014.

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 privately-managed public funds investment pool accounts.

As of September 30, 2014, 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 as of year-end, excluding agency funds:

	Governmental Funds	Internal Service Funds	Totals Governmental Activities	Component Units	Totals
Cash deposits	$ 86,571,161	$3,917,476	$ 90,488,637	$ 83,388,760	$173,877,397
Investment pools:					
Texas CLASS	645,291	34,290	679,581	290,453	970,034
TexasTERM	3,354		3,354	1,007	4,361
LOGIC	5,058	1,009	6,067	1,015	7,082
Wells Fargo 100% Treasury Money Market Fund				895,130	895,130
Wells Fargo Government Money Market Fund				9,724,128	9,724,128
Totals cash and cash equivalents	87,224,864	3,952,775	91,177,639	94,300,493	185,478,132
Certificates of deposit				450,783	450,783
Totals Cash and Investments	$ 87,224,864	$3,952,775	$ 91,177,639	$ 94,751,276	$185,928,915

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 PFIA. 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.

The TexasTERM Local Government Investment Pool ("TexasTERM") is organized in conformity with the PFIA. 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, 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 PFIA. The Pool was created in April, 1994 through a contract among its participating governmental units, and is governed by a board of directors, 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.

Wells Fargo 100% Treasury Money Market Fund seeks current income exempt from most state and local individual income taxes, while preserving capital and liquidity. It invests in high-quality, short-term money market instruments that consist of U.S. Treasury obligations.

Wells Fargo Government Money Market Fund seeks current income, while preserving capital and liquidity. It invests in high-quality, short-term money market instruments that consist of U.S. Government obligations and repurchase agreements collateralized by U.S. Government obligations.

C. Interest Rate Risk

As of 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	$ 450,783	74	3.7%
Investment pools:			
Texas CLASS	970,034	43	8.1%
TexasTERM	4,361	47	0.0%
LOGIC	7,082	59	0.1%
Wells Fargo 100% Treasury Money Market Fund	895,130	50	7.4%
Wells Fargo Government Money Market Fund	9,724,128	33	80.7%
Total Fair Value	$ 12,051,518		
Portfolio weighted average maturity		37	

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.

D. Credit Risk

The County's investment policy does not require investments to hold certain credit ratings issued by nationally recognized statistical rating organizations. As of September 30, 2014, the County's investments in Texas CLASS, TexasTERM, and LOGIC were rated "AAAm" by Standard and Poor's. The County's investments in both Wells Fargo Money Market Funds were rated "AAAm" and "Aaa-mf" by Standard and Poor's and Moody's Investments, respectively.

E. 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, 2014, were as follows:

	Governmental Activities			
	General Fund	Debt Service Fund	Non-major Governmental Funds	Totals
Receivables:				
Property taxes	$ 3,386,257	$ 303,164	$ 675,736	$ 4,365,157
Sales taxes			890,741	890,741
Penalties and interest on delinquent taxes	1,833,971	16,180	304,328	2,154,479
Grants	8,458,942		582,361	9,041,303
Fines and fees	4,319,143			4,319,143
Other	3,047,213	27,985	1,809,873	4,885,071
Gross receivables	21,045,526	347,329	4,263,039	25,655,894
Less: allowance for uncollectibles	(522,023)	(31,934)	(98,006)	(651,963)
Totals	$ 20,523,503	$ 315,395	$ 4,165,033	$ 25,003,931

Governmental funds report unavailable 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, 2014, the various components of unavailable revenue reported in the governmental funds are as follows:

	Unavailable	Unearned
Delinquent property taxes (General Fund)	$ 3,047,631	$
Delinquent property taxes (Road and Bridge Fund)	461,471	
Delinquent property taxes (Drainage District Fund)	146,691	
Delinquent property taxes (Debt Service Fund)	272,848	
Penalties and interest on delinquent taxes	1,939,032	
Fines and fees (General Fund)	4,319,143	
Grant funds received prior to meeting all eligibility requirements		2,955,972
Total unavailable/unearned revenue for governmental funds	$ 10,186,816	$ 2,955,972

NOTE 4 – PROPERTY TAXES

The County's tax year covers the period October 1st through September 30th. 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 1st of that calendar year. Such taxes become delinquent on February 1st 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. 2013 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 2014 fiscal year (2013 tax year), the County levied

property taxes of $0.49976 per $100 of assessed valuation. The 2013 rates resulted in total adjusted tax levies of approximately $220.7 million based on a total adjusted valuation of approximately $42.0 billion. The total tax rate in the 2013 tax year was prorated as follows:

	2013 Rate	2013 Limit
General, certain Special Revenue and Debt Service Funds	$ 0.48476	$ 0.80000
Fort Bend County Drainage District	$ 0.01500	$ 0.25000
Total Tax Rate	$ 0.49976	$ 1.05000

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. As of September 30, 2014, the interfund receivables and payables were as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 5,700,282	$ 247,741
Non-major Governmental Funds	18,781	5,901,490
	5,719,063	6,149,231
Internal Service Funds	646,748	216,580
Total Governmental Activities	$ 6,365,811	$ 6,365,811

Transfers totaling approximately $14.5 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	$ 9,784	$ 14,066,553
Non-major Governmental Funds	11,761,360	426,591
	11,771,144	14,493,144
Internal Service Funds	2,722,000	
Total Governmental Activities	$ 14,493,144	$ 14,493,144

NOTE 6 – CAPITAL ASSETS

A summary of changes in the primary government's capital assets for the year ended September 30, 2014, is as follows:

	Primary Government			
	Balances 10/1/13	**Increases**	**Decreases**	**Balances 9/30/14**
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 366,817,209	$ 16,228,041	$	$ 383,045,250
Construction in progress	38,166,402	34,666,373	(38,036,855)	34,795,920
Total capital assets not being depreciated	404,983,611	50,894,414	(38,036,855)	417,841,170
Depreciable capital assets:				
Vehicles	30,988,379	5,210,039	(1,987,258)	34,211,160
Office furniture and equipment	29,967,508	2,609,676	(553,745)	32,023,439
Machinery and equipment	26,008,756	1,120,880	(921,321)	26,208,315
Buildings, facilities and improvements	324,255,367	24,182,273	(342,493)	348,095,147
Infrastructure	610,319,068	24,014,143	(2,883,150)	631,450,061
Total other capital assets	1,021,539,078	57,137,011	(6,687,967)	1,071,988,122
Accumulated depreciation for:				
Vehicles	(18,678,556)	(4,057,832)	1,907,833	(20,828,555)
Office furniture and equipment	(21,677,066)	(3,700,075)	550,877	(24,826,264)
Machinery and equipment	(15,039,276)	(1,713,621)	730,535	(16,022,362)
Buildings, facilities and improvements	(75,146,993)	(8,544,000)	297,415	(83,393,578)
Infrastructure	(151,143,545)	(16,368,845)	2,883,151	(164,629,239)
Total accumulated depreciation	(281,685,436)	(34,384,373)	6,369,811	(309,699,998)
Depreciable capital assets, net	739,853,642	22,752,638	(318,156)	762,288,124
Total governmental activities capital assets, net	$1,144,837,253	$ 73,647,052	$ (38,355,011)	$1,180,129,294

Depreciation expenses were charged to the following functions in the statement of activities:

Fiscal Year 2014 Depreciation Expense	
General administration	$ 1,680,320
Financial administration	362,771
Administration of justice	5,817,376
Construction and maintenance	18,664,998
Health and welfare	1,892,472
Cooperative services	70,458
Public safety	3,590,777
Parks and recreation	661,313
Library	1,609,312
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	34,576
Total Depreciation Expense	$ 34,384,373

Construction in progress and remaining commitments under related construction contracts for general government construction projects as of September 30, 2014, is as follows:

2014 CONSTRUCTION COSTS

Project	Balances 10/1/13	Increases-Retainage Included	Decreases-Capitalizations	Balances 9/30/14	Remaining Commitments
2011 5307 Capital	$	$ 183,175	$	$ 183,175	$
Barker Cypress Park Lighting	139,731		(139,731)		8,382
Beechnut Improvements		56,673	(56,673)		38,105
Big Creek		216,555	(216,555)		286,360
Big Creek FBFCWSC - Bonds		31,950	(31,950)		688,384
Bridge Construction		55,980	(7,633)	48,347	8,155
Bud O'Sheiles Bldg. Fdn. Repair		122,800		122,800	
CAD Expansion	709,690	2,557,838	(3,267,528)		67,893
Courthouse Renovation Project	3,936,110	1,550,957	(5,487,067)		180,664
Crabb River Road Expansion	652,760	20,987		673,747	263,343
Facilities Tracking Software					21,950
Fairgrounds Renovations	203,876	367,396		571,272	1,089
FM762 Landscaping	17,239	204,515		221,754	
Freedom Park Storage Bldg.		11,201		11,201	
Ft Bend Senior Meals on Wheels		77,420		77,420	
Fuel Site Upgrades	28,031			28,031	
Gapps Slough	72,114	9,374		81,488	2,511
Gordon Ranch		82,636		82,636	
IT Hardware Infrastructure	63,978			63,978	183,983
Jail Expansion Prop 1 - Bonds		178,763		178,763	
Jail Repairs Project		83,300		83,300	
Kitty Hollow Park Infrastructure	22,279	427,156	(449,435)		59,560
Library Admin Building - George Fnd. Grant	9,383		(9,383)		99,889
Library Administration Building	1,551,294	2,411,393	(3,962,687)		1,891,860
Mobility Projects - Bonds	16,785,803	21,494,675	(11,531,806)	26,748,672	17,050,272
Pedestrian Mall	11,983	588,859	(600,842)		2,077
Phone System Upgrade	970,377	24,750	(995,127)		31,333
Senior Citizens' Community Center	1,980,497	565,169	(2,545,666)		376,767
Sienna Parkway Project		198,843		198,843	
Stafford Run Project	603,569	111,468		715,037	109,172
Traffic Signals		495,102		495,102	118,138
Travis Building Renovation	120,737	204,319		325,056	3,673
Utility Relocation - Greenbusch	1,496,929			1,496,929	
Utility Relocation - West Belfort	20,560			20,560	
Wespark B Frontage Roads	1,977,855	389,954		2,367,809	2,035,698
Projects Completed in FY2014	6,791,607	1,943,165	(8,734,772)		
Totals	$ 38,166,402	$ 34,666,373	$ (38,036,855)	$ 34,795,920	$ 23,529,258

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, 2014, is as follows:

	Discretely Presented Component Units			
	Balances 10/1/13	**Increases**	**Decreases**	**Balances 9/30/14**
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 12,440,939	$ 56,489	$	$ 12,497,428
Construction in progress	125,020,551	39,787,302	(158,785,682)	6,022,171
Total capital assets not being depreciated	137,461,490	39,843,791	(158,785,682)	18,519,599
Depreciable capital assets:				
Infrastructure	158,727,154	158,785,682		317,512,836
Total other capital assets	158,727,154	158,785,682		317,512,836
Accumulated depreciation for:				
Infrastructure	(32,930,172)	(5,855,497)		(38,785,669)
Total accumulated depreciation	(32,930,172)	(5,855,497)		(38,785,669)
Depreciable capital assets, net	125,796,982	152,930,185		278,727,167
Total Governmental Activities capital assets, net	$ 263,258,472	$ 192,773,976	$ (158,785,682)	$ 297,246,766

Depreciation expense for the Fort Bend County Toll Road Authority and the Fort Bend Grand Parkway Toll Road Authority totaled $5,855,497 for fiscal year 2014.

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 as of September 30, 2014, are as follows:

2014 CONSTRUCTION COSTS

Project	Balances 10/1/13	Increases-Retainage Included	Decreases-Capitalizations	Balances 9/30/14	Remaining Commitments
Fort Bend County Toll Road Authority	$ 22,719,851	$ 6,943,327	$ (23,663,428)	$ 5,999,750	$ 4,223,791
Fort Bend Grand Parkway Toll Road Authority	102,300,700	32,843,975	(135,122,254)	22,421	7,342,145
Totals	$ 125,020,551	$ 39,787,302	$(158,785,682)	$ 6,022,171	$ 11,565,936

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 as of September 30, 2014, 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	2015	$ 1,345,000
26,000,000	Unlimited Tax Road Bonds, Series 2007	4.00 - 4.25	2027	19,170,000
126,675,000	Facilities Limited Tax Bonds, Series 2007	4.00 - 5.00	2031	114,310,000
48,940,000	Unlimited Tax Road Bonds, Series 2009	3.00 - 5.00	2029	40,245,000
73,430,000	Justice Center Limited Tax Bonds, Series 2009	3.00 - 5.25	2030	62,215,000
20,780,000	Unlimited Tax Road Refunding Bonds, Series 2009	3.00 - 5.00	2021	12,900,000
9,675,000	Fort Bend Flood Control Water Supply Refunding Bonds, Series 2010	2.50 - 4.00	2021	6,665,000
58,220,000	Unlimited Tax Road Bonds, Series 2012	2.00 - 5.00	2032	54,360,000
18,900,000	Unlimited Tax Road Refunding Bonds, Series 2014	1.00 - 5.00	2026	18,900,000
	Total General Obligation Bonds			$ 330,110,000

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 Refunding Bonds were issued to refund and defease the FBFCWSC's outstanding Revenue Bonds, Series 2001, which were originally issued to fund the improvement of Big Creek as a component of the Drainage District infrastructure.

On April 3, 2014, Fort Bend County issued $18,900,000 of Unlimited Tax Road Refunding Bonds to refund and defease a material portion of the Unlimited Tax Road Bonds, Series 2006 of $20,095,000. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by $2,820,553, and resulted in an economic gain of $2,620,016.

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.

A summary of long-term liability transactions of the County for the year ended September 30, 2014, follows:

	Balances 10/1/13	Additions	Retirements	Balances 9/30/14	Amounts Due Within One Year
Bonds payable:					
General obligation bonds	$ 347,555,000	$ 18,900,000	$(36,345,000)	$ 330,110,000	$ 16,750,000
Premiums on bonds	17,257,865	2,202,026	(1,861,354)	17,598,537	
Total bonds payable	364,812,865	21,102,026	(38,206,354)	347,708,537	16,750,000
Accrued compensated absences	5,970,991	7,271,775	(6,705,871)	6,536,895	1,634,224
Other post-employment benefits ("OPEB") obligation	158,780,332	35,741,230	(4,762,204)	189,759,358	
Total Long-Term Liabilities	$ 529,564,188	$ 64,115,031	$(49,674,429)	$ 544,004,790	$ 18,384,224

Bonded debt is funded primarily by property taxes from the Debt Service Fund. Accrued compensated absences are payable by the fund in which the individual positions are budgeted. General Fund and the Drainage District Fund have been used to fund current OPEB costs. As of the date of this report, the long-term portion of the OPEB liability is not funded.

Annual debt service requirements to maturity for the general obligation bonds are summarized as follows:

	Principal	Interest	Totals
2015	$ 16,750,000	$ 15,135,154	$ 31,885,154
2016	17,310,000	14,476,191	31,786,191
2017	17,445,000	13,764,929	31,209,929
2018	18,055,000	13,007,835	31,062,835
2019	18,730,000	12,180,116	30,910,116
2020-2024	97,890,000	46,950,532	144,840,532
2025-2029	107,060,000	21,870,775	128,930,775
2030-2032	36,870,000	2,010,644	38,880,644
Totals	$ 330,110,000	$ 139,396,176	$ 469,506,176

Discretely presented component units long-term bonded debt as of September 30, 2014, is listed below:

Discretely Presented Component Units				
Original Issue	Description	Interest Rate %	Matures	Debt Outstanding
Fort Bend County Toll Road Authority:				
Revenue Bonds				
$ 72,195,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2004	4.00 - 5.00	2015	$ 1,520,000
30,775,000	Senior Lien Toll Road Revenue Bonds, Series 2012	2.00 - 4.125	2040	30,775,000
116,940,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Refunding Bonds Series 2012	3.125 - 5.00	2032	116,940,000
	Total Revenue Bonds			$ 149,235,000
Fort Bend Grand Parkway Toll Road Authority:				
Revenue Bonds				
$ 155,085,000	Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012	3.00 - 5.00	2046	$ 155,085,000
	Total Revenue Bonds			$ 155,085,000

A summary of long-term liability transactions of the discretely presented component units for the year ended September 30, 2014, follows:

Fort Bend County Toll Road Authority:

	Balances 10/1/13	Additions	Retirements	Balances 9/30/14	Amounts Due Within One Year
Revenue bonds	$ 151,580,000	$	$ (2,345,000)	$ 149,235,000	$ 2,575,000
Premiums on bonds	20,052,142		(1,117,852)	18,934,290	
Discounts on bonds	(310,836)		11,656	(299,180)	
Total Long-Term Liabilities	$ 171,321,306	$	$ (3,451,196)	$ 167,870,110	$ 2,575,000

Fort Bend Grand Parkway Toll Road Authority:

	Balances 10/1/13	Additions	Retirements	Balances 9/30/14	Amounts Due Within One Year
Revenue bonds	$ 155,085,000	$	$	$ 155,085,000	$
Premiums on bonds	18,202,275		(552,981)	17,649,294	
Total Long-Term Liabilities	$ 173,287,275	$	$ (552,981)	$ 172,734,294	$

Annual debt service requirements to maturity for the revenue bonds are summarized as follows:

Fort Bend County Toll Road Authority:

	Principal	Interest	Totals
2015	$ 2,575,000	$ 6,834,925	$ 9,409,925
2016	3,745,000	6,705,875	10,450,875
2017	4,470,000	6,552,225	11,022,225
2018	5,315,000	6,343,712	11,658,712
2019	5,850,000	6,107,337	11,957,337
2020-2024	35,560,000	25,953,197	61,513,197
2025-2029	45,390,000	16,340,913	61,730,913
2030-2034	35,880,000	5,050,594	40,930,594
2035-2039	8,535,000	1,292,563	9,827,563
2040	1,915,000	39,497	1,954,497
Totals	$ 149,235,000	$ 81,220,838	$ 230,455,838

Fort Bend Grand Parkway Toll Road Authority:

	Principal	Interest	Totals
2015	$	$ 7,180,200	$ 7,180,200
2016		7,180,200	7,180,200
2017		7,180,200	7,180,200
2018		7,180,200	7,180,200
2019		7,180,200	7,180,200
2020-2024	11,015,000	35,016,375	46,031,375
2025-2029	21,625,000	30,589,725	52,214,725
2030-2034	26,585,000	25,358,725	51,943,725
2035-2039	33,610,000	18,034,500	51,644,500
2040-2044	42,610,000	8,715,875	51,325,875
2045-2046	19,640,000	793,200	20,433,200
Totals	$ 155,085,000	$ 154,409,400	$ 309,494,400

B. Conduit Debt – Component Units

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, 2014, $9,527,745 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. As of September 30, 2014, $136,372,737 of total bonds are outstanding.

B. Defeasance of Debt

In fiscal year 2014, the County defeased a large portion of the Unlimited Tax Road Bonds, Series 2006 by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service on the refunded bonds. The trust account assets and the liability for the defeased bonds are not included in the County's basic financial statements. As of September 30, 2014, the outstanding balance of these bonds was $20,095,000.

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 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.

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 12.21% for calendar year 2014. The contribution rate payable by the employee members is 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 2014 was $119.9 million and the County's contributions were based on a payroll of $117.5 million. Contributions made by employees totaled $8.2 million, and the County made contributions of $14.1 million during the fiscal year ended September 30, 2014.

Three-year trend information for the pension plan is presented below:

	2014	2013	2012
Annual Pension Cost ("APC")	$ 14,139,360	$ 12,681,672	$ 12,127,523
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation at the End of Period	0	0	0

For the year ended September 30, 2014, the pension cost for the TCDRS plan and the actual contributions made were $14,139,360. Because all contributions are made as required, no pension obligation existed at September 30, 2014.

Actuarial Information	12/31/2013
Actuarial cost method	Entry age
Amortization method	level percentage of payroll, closed
Amortization period	20 years
Asset valuation method	SAF: 5-year smoothed value ESF: Fund value
Assumptions:	
Investment return	8.0%
Projected salary increases	4.9%
Inflation	3.0%
Cost-of-living adjustments	0.0%

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	12/31/2013
Actuarial value of assets	$ 317,963,410
Actuarial accrued liability ("AAL")	$ 378,799,769
liability ("UAAL" or "OAAL")	$ 60,836,359
Funded ratio	83.94%
Annual covered payroll (actuarial)	$ 112,043,745
UAAL or OAAL as % of covered payroll	54.30%

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 ("OPEB")

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.

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. As of September 30, 2014, there were 687 retirees receiving benefits and approximately 2,577 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 2014 are as follows:

C. Annual OPEB Costs and Net OPEB Obligation

For fiscal year 2014, the County's annual OPEB cost for the Plan was $35,741,230. 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, 2014, were as follows:

	Fiscal Year Ending 9/30/14
Determination of Annual Required Contribution	
Normal Cost at Fiscal Year End	$ 20,168,775
Amortization of Unfunded Actuarial Accrued Liability	18,050,360
Annual Required Contribution ("ARC")	38,219,135
Determination of Net OPEB Obligation	
Annual Required Contribution	38,219,135
Interest on prior-year Net OPEB Obligation	6,351,213
Adjustment to ARC	(8,829,118)
Annual OPEB Cost	35,741,230
Less Assumed Contributions Made	(4,762,204)
Estimated Increase in Net OPEB Obligation	30,979,026
Net OPEB Obligation - Beginning of Year	158,780,332
Net OPEB Obligation - End of Year	$ 189,759,358
Percentage of OPEB Cost Contributed	13.3%

D. Trend Information

The following table shows the estimated 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
2012	4%	$ 32,376,384	12.7%	$ 130,029,910
2013	4%	$ 33,507,178	14.2%	$ 158,780,332
2014	4%	$ 35,741,230	13.3%	$ 189,759,358

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, 2013
Actuarial value of plan assets (a)	$	0
Actuarial accrued liability ("AAL") (b)	$	283,630,840
Unfunded/(Overfunded) actuarial accrued liability ("UAAL" or "OAAL") (b-a)	$	283,630,840
Funded Ratio (a/b)		0.0%
Annual Covered Payroll (c)	$	112,043,745
UAAL or OAAL as % of covered payroll ((b-a)/c)		253.1%

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 the following:

- Healthcare cost trend rates:
    - Pre-65 trend begins at 6.2% in fiscal year 2011 and falls to 4.7% in 2089.
    - Post-65 trend begins at 6.2% in fiscal year 2011 and falls to 4.8% in 2099.
    - Dental trend begins at 5.86% in fiscal year 2011 and falls to 3.95% in 2024.
- 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.
- 2.75% inflation rate.
- No projected salary increases.

NOTE 11 – NET PENSION OBLIGATION AND OTHER POST-EMPLOYEMENT 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 the General Fund and the Drainage District Fund. The Drainage District Fund 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 the General Fund.

NOTE 12 – FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned, as described in Note 1. Fund balances for all the major and non-major governmental funds as of September 30, 2014, were distributed as follows:

	General Fund	Debt Service Fund	Non-major Governmental Funds	Totals
Nonspendable:				
Prepaid items	$ 386,965	$	$ 45,408	$ 432,373
Subtotal	386,965		45,408	432,373
Restricted for:				
General administration	1,889		3,579,078	3,580,967
Financial administration			108	108
Administration of justice	153,610		2,735,650	2,889,260
Construction and maintenance			29,920,445	29,920,445
Health and welfare	40,445		202,614	243,059
Public safety			2,261,615	2,261,615
Cooperative services	13,136			13,136
Library			129,626	129,626
Debt service		2,754,531		2,754,531
Subtotal	209,080	2,754,531	38,829,136	41,792,747
Committed to:				
Facility construction/renovation	4,585,960			4,585,960
Mobility road projects	1,813,551			1,813,551
Community development	30,000			30,000
Parks and Fairgrounds renovations	1,704,192			1,704,192
Pedestrian Mall	125,343			125,343
IT Infrastructure	1,107,822			1,107,822
Radio replacement	3,000,000			3,000,000
Software projects	2,569,881			2,569,881
Right-of-way acquisitions	7,740,192			7,740,192
Subtotal	22,676,941			22,676,941
Unassigned	14,251,514		(3,169)	14,248,345
Total Fund Balances	$ 37,524,500	$ 2,754,531	$ 38,871,375	$ 79,150,406

NOTE 13 – CONTINGENCIES AND COMMITMENTS

A. Construction Contract Commitments

The County had several capital improvement commitments as of September 30, 2014. 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, 2014.

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.

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 ("IBNR"). 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. A summary of the changes in the balances of claims liabilities for the years ended September 30, 2014 and 2013 is as follows:

Employee Benefits:

	Year ended 9/30/2014	Year ended 9/30/2013
Unpaid claims, beginning of year	$ 3,083,926	$ 1,694,834
Incurred claims (including IBNRs)	30,024,806	27,718,103
Claim payments	(29,454,801)	(26,329,011)
Unpaid claims, end of year	$ 3,653,931	$ 3,083,926

Other Insurance:

	Year ended 9/30/2014	Year ended 9/30/2013
Unpaid claims, beginning of year	$ 3,477,874	$ 3,685,926
Incurred claims (including IBNRs)	527,651	342,318
Claim payments	(555,534)	(550,370)
Unpaid claims, end of year	$ 3,449,991	$ 3,477,874

NOTE 15 – DEFICIT NET POSITION

As of September 30, 2014, Other Self-Funded Insurance Fund has a deficit net position of $2,846,843. The growth in the deficit was eliminated in 2014 with the increased allocation by management. Management increased the allocation in 2015 to eliminate the deficit net position by the end of fiscal year 2017.

As of September 30, 2014, the Fort Bend Grand Parkway Toll Road Authority has a deficit net position of $15,845,697. This is caused by the issuance of bonds for the construction of the tolled overpasses along State Highway 99. Operating revenues from toll collections began in February 2014. Therefore, sufficient assets have not yet been generated to offset the liabilities, resulting in a deficit net position.

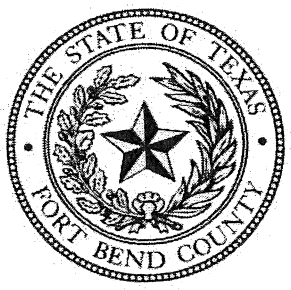
NOTE 16 – RESTATEMENT OF BEGINNING NET POSITION

During the 2014 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, machinery and equipment, building, facilities and improvements, and infrastructure by ($2,641,981), ($147,316), ($159,901), $111,261, $845,097, and $704,586 respectively. Accumulated depreciation has been restated for vehicles, office furniture and equipment, machinery and equipment, building, facilities and improvements, and infrastructure by $37,087, $29,480, ($37,087), ($2,557,470) and $147,011 respectively. Therefore, governmental activities total beginning net position was decreased by $3,669,233.

NOTE 17 – SUBSEQUENT EVENTS

Fort Bend County is in the process of issuing the Series 2015A bonds of $50,910,000 for the construction, purchase, maintenance and operation of macadamized, graveled and paved roads and turnpikes, and advance refunding and defeasing $16,840,000 of the County's Unlimited Tax Road Bonds, Series 2007, in order to lower the overall annual debt service requirements of the County, and to pay the costs of issuance of the Bonds. The County is also in the process of issuing the Series 2015B Bonds for the purpose of advance refunding and defeasing $100,470,000 of the County's Limited Tax Bonds, Series 2007, in order to lower the overall annual debt service requirements of the County, and to pay the costs of issuance of the Bonds. Both of these issuances are scheduled to close May 13, 2015.

The Fort Bend County Toll Road Authority issued $45 million in first lien revenue bonds in December, 2014 to finance the construction of the Highway 6 overpass ($33 million), purchase of right-of-way for Westpark-B extensions ($11 million) and toll conversion project for Parkway-A and Westpark-A ($4 million). This series was sold at a premium to allow funding for all components. The Authority plans to issue between $60.1 million and $68.5 million in first lien revenue bonds in the summer of 2015 for phase one of the Westpark Toll Way extension.


THE STATE OF TEXAS
FORT BEND COUNTY

Required Supplementary Information

FORT BEND COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Revenues				
Property taxes	$ 166,202,765	$ 166,202,765	$ 169,990,645	$ 3,787,880
Fines and fees	23,856,500	23,869,645	27,043,543	3,173,898
Intergovernmental	2,615,000	4,576,379	6,616,551	2,040,172
Earnings on investments	602,325	602,325	589,520	(12,805)
Miscellaneous	3,343,500	6,840,114	6,466,624	(373,490)
Total Revenues	196,620,090	202,091,228	210,706,883	8,615,655
Expenditures				
General Administration				
County Judge:				
Salaries and personnel costs	595,565	595,565	592,975	2,590
Operating costs	15,010	15,010	11,446	3,564
Information technology costs	160	160	108	52
Commissioner Precinct 1:				
Salaries and personnel costs	400,215	400,215	397,974	2,241
Operating costs	13,534	12,910	10,735	2,175
Information technology costs		1,105	1,105	
Commissioner Precinct 2:				
Salaries and personnel costs	542,360	539,360	532,289	7,071
Operating costs	22,888	25,048	22,483	2,565
Information technology costs		840	838	2
Commissioner Precinct 3:				
Salaries and personnel costs	432,431	432,431	429,429	3,002
Operating costs	45,281	40,081	30,672	9,409
Information technology costs		5,200	4,362	838
Commissioner Precinct 4:				
Salaries and personnel costs	382,134	382,134	375,823	6,311
Operating costs	11,682	11,618	6,448	5,170
Information technology costs		64	64	
County Clerk:				
Salaries and personnel costs	3,327,164	3,233,895	3,230,330	3,565
Operating costs	74,177	74,177	71,072	3,105
Information technology costs	3,000	3,000	1,396	1,604
Non-Departmental:				
Salaries and personnel costs	4,092,800	4,092,800	4,092,757	43
Operating costs	7,790,509	6,340,922	6,299,670	41,252
Information technology costs		1,643	693	950
Capital acquisitions		3,590,000	3,734,965	(144,965)
Risk Management/Insurance:				
Salaries and personnel costs	641,764	641,764	634,853	6,911
Operating costs	165,306	163,006	137,658	25,348
Information technology costs		2,300	1,648	652
Property/Casualty/Liability:				
Operating costs	2,732,000			
Information technology costs	10,000			
Capital acquisitions	80,000			

FORT BEND COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Elections Administrator:				
Salaries and personnel costs	585,134	559,753	559,082	671
Operating costs	174,464	174,464	167,985	6,479
Elections Services:				
Salaries and personnel costs	327,450	269,450	268,551	899
Operating costs	279,250	164,250	138,264	25,986
Information technology costs	4,000	4,000	2,895	1,105
Human Resources:				
Salaries and personnel costs	721,292	721,292	715,301	5,991
Operating costs	133,300	114,700	108,559	6,141
Information technology costs		600	428	172
Vehicle Maintenance:				
Salaries and personnel costs	783,629	673,992	673,276	716
Operating costs	(3,378,397)	(1,046,571)	(1,175,835)	129,264
Information technology costs	2,162	7,525	7,524	1
Capital acquisitions	2,421,734	515,492	515,492	
Fleet Management:				
Operating costs		1		1
Capital acquisitions		1,200		1,200
Records Management:				
Salaries and personnel costs	344,412	344,412	343,601	811
Operating costs	16,292	16,292	9,547	6,745
Information technology costs	2,691	2,691		2,691
Capital acquisitions	6,500			
Central Mailroom:				
Salaries and personnel costs	185,402	185,402	175,966	9,436
Operating costs	554,311	554,311	549,139	5,172
Facilities Management and Planning:				
Salaries and personnel costs	563,045	569,140	569,140	
Operating costs	48,049	33,602	32,001	1,601
Information technology costs		9,205	9,073	132
Capital acquisitions		5,242	5,242	
Facilities Maintenance:				
Salaries and personnel costs	645,167	602,353	601,632	721
Operating costs	642,818	719,008	698,610	20,398
Information technology costs		1,617	1,617	
Facilities Operations:				
Salaries and personnel costs	186,880	190,278	190,277	1
Operating costs	3,997,754	3,888,415	3,878,087	10,328
Capital acquisitions		17,339	17,339	
Janitorial:				
Salaries and personnel costs	525,546	479,105	478,251	854
Operating costs	442,559	455,787	451,445	4,342
Jail Maintenance:				
Salaries and personnel costs	400,996	434,676	434,675	1
Operating costs	682,758	746,028	742,417	3,611
Information technology costs	15,800	40,500	39,720	780
Capital acquisitions	65,200	7,230	7,230	

FORT BEND COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Interdepartmental Construction:				
Salaries and personnel costs	937,602	859,898	859,821	77
Operating costs	35,800	35,800	33,384	2,416
County Attorney:				
Salaries and personnel costs	1,931,095	1,895,030	1,894,643	387
Operating costs	133,665	116,260	100,789	15,471
Information technology costs	7,447	9,852	6,422	3,430
Information Technology:				
Salaries and personnel costs	4,138,905	4,008,257	4,008,067	190
Operating costs	2,375,570	2,161,376	2,097,219	64,157
Information technology costs	24,480	46,679	45,588	1,091
Capital acquisitions		51,158	50,887	271
Purchasing:				
Salaries and personnel costs	739,893	739,893	730,535	9,358
Operating costs	26,096	28,198	27,357	841
Information technology costs		2,215	1,562	653
Capital Outlay-General Fund:				
Capital acquisitions	3,721,735			
Total General Administration	46,830,466	42,022,645	41,694,598	328,047
Financial Administration				
County Auditor:				
Salaries and personnel costs	1,903,405	1,891,539	1,883,570	7,969
Operating costs	24,635	22,935	18,119	4,816
Information technology costs	500	2,200	2,106	94
County Treasurer:				
Salaries and personnel costs	685,297	685,297	681,458	3,839
Operating costs	176,910	216,110	199,597	16,513
Information technology costs		500	330	170
Court Collections:				
Salaries and personnel costs	110,689	110,689	105,910	4,779
Operating costs	15,650	15,590	14,658	932
Information technology costs		60	60	
EMS Collections:				
Salaries and personnel costs	386,535	386,535	380,764	5,771
Operating costs	78,063	146,463	137,426	9,037
Information technology costs		1,600	856	744
Tax Assessor/Collector:				
Salaries and personnel costs	3,726,944	3,716,637	3,710,724	5,913
Operating costs	304,804	283,001	282,671	330
Information technology costs	2,686	7,101	6,866	235
Capital acquisitions		17,388	17,388	
Budget Office:				
Salaries and personnel costs	449,969	449,969	447,968	2,001
Operating costs	13,402	13,336	10,786	2,550
Information technology costs		66	66	
Total Financial Administration	7,879,489	7,967,016	7,901,323	65,693

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Administration of Justice				
County Court-at-Law #1:				
Salaries and personnel costs	484,398	497,955	488,908	9,047
Operating costs	230,600	414,681	414,679	2
Capital acquisitions	526	526	526	
County Court-at-Law #2:				
Salaries and personnel costs	485,390	490,448	487,059	3,389
Operating costs	229,630	398,112	398,112	
County Court-at-Law #3:				
Salaries and personnel costs	502,044	506,044	500,818	5,226
Operating costs	229,875	580,189	579,994	195
Information technology costs	80	798	142	656
County Court-at-Law #4:				
Salaries and personnel costs	496,807	496,807	490,332	6,475
Operating costs	226,323	849,142	848,698	444
Capital acquisitions		550	526	24
Associate County Court-at-Law:				
Salaries and personnel costs	230,853	230,853	226,469	4,384
Operating costs	15,844	19,326	19,223	103
Information technology costs		600	518	82
240th District Court:				
Salaries and personnel costs	247,402	247,402	243,948	3,454
Operating costs	221,596	753,802	753,760	42
268th District Court:				
Salaries and personnel costs	247,340	240,820	239,143	1,677
Operating costs	241,552	438,505	438,485	20
328th District Court:				
Salaries and personnel costs	402,590	402,590	397,993	4,597
Operating costs	225,000	375,568	375,567	1
Information technology costs		456	456	
387th District Court:				
Salaries and personnel costs	399,193	399,193	396,312	2,881
Operating costs	156,500	189,747	189,625	122
400th District Court:				
Salaries and personnel costs	248,973	248,973	246,885	2,088
Operating costs	220,500	628,920	626,627	2,293
Capital acquisitions	533	533		533
434th District Court:				
Salaries and personnel costs	248,219	249,619	247,544	2,075
Operating costs	227,700	1,733,496	1,732,831	665
Child Support:				
Salaries and personnel costs	426,871	419,247	415,028	4,219
Operating costs	16,691	16,691	15,005	1,686

FORT BEND COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
District Clerk:				
Salaries and personnel costs	3,561,004	3,485,801	3,484,903	898
Operating costs	173,018	166,200	156,569	9,631
Information technology costs	3,450	25,268	23,952	1,316
Capital acquisitions	7,640			
District Clerk Jury Payments:				
Operating costs	275,000	235,000	234,270	730
Justice of the Peace Precinct #1, Place 1:				
Salaries and personnel costs	452,021	452,021	444,945	7,076
Operating costs	11,133	11,133	10,247	886
Justice of the Peace Precinct #1, Place 2:				
Salaries and personnel costs	607,972	592,544	591,699	845
Operating costs	17,999	17,999	17,773	226
Justice of the Peace Precinct #2:				
Salaries and personnel costs	488,688	444,065	443,874	191
Operating costs	20,505	19,955	17,165	2,790
Information technology costs		550	452	98
Justice of the Peace Precinct #3:				
Salaries and personnel costs	552,823	552,823	550,246	2,577
Operating costs	10,950	10,927	8,701	2,226
Information technology costs		23	23	
Justice of the Peace Precinct #4:				
Salaries and personnel costs	433,057	433,057	426,287	6,770
Operating costs	14,070	16,670	12,468	4,202
Bail Bond Board:				
Salaries and personnel costs	80,035	80,035	79,396	639
Operating costs	5,514	5,468	2,674	2,794
Information technology costs		46	45	1
District Attorney:				
Salaries and personnel costs	7,529,502	7,415,841	7,415,054	787
Operating costs	409,327	237,190	228,416	8,774
Capital acquisitions	7,640	24,069	23,304	765
Public Defender - Mental Health:				
Salaries and personnel costs	412,634	386,261	385,435	826
Operating costs	196,470	35,672	31,611	4,061
Information technology costs		111	86	25
District Judges Fees/Services:				
Operating costs	3,000,000			
Sheriff Detention Operating:				
Salaries and personnel costs	21,831,889	21,464,976	21,464,092	884
Operating costs	5,189,916	5,382,811	5,293,160	89,651
Information technology costs	19,010	19,010	17,192	1,818
Capital acquisitions	12,312	12,312	8,841	3,471
Sheriff - Bailiffs:				
Salaries and personnel costs	2,358,245	2,391,771	2,383,774	7,997
Operating costs	39,720	44,763	39,661	5,102
Information technology costs		927	420	507

FORT BEND COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
240th,400th Dist Ct Assoc Jdg:				
Salaries and personnel costs	312,880	256,900	253,640	3,260
Operating costs	28,398	20,333	17,934	2,399
Information technology costs	150	150	142	8
Indigent Defense Program:				
Salaries and personnel costs	190,424	199,988	198,148	1,840
Operating costs	45,209	65,345	65,345	
Information technology costs	774	946	946	
Behavioral Health Services:				
Salaries and personnel costs	187,882	187,882	184,467	3,415
Operating costs	6,562	6,596	5,300	1,296
Information technology costs	774	740	65	675
268th,434th Dist Ct Assoc Jdg:				
Salaries and personnel costs		72,417	72,417	
Operating costs		25,142	19,985	5,157
Information technology costs		7,255	7,075	180
Capital acquisitions		500		500
Death Investigators:				
Operating costs	24,350	24,350	22,429	1,921
Adult Probation Operating:				
Salaries and personnel costs	59,151	62,795	59,316	3,479
Operating costs	83,988	78,388	71,985	6,403
Capital acquisitions		5,600	5,383	217
CSR Program:				
Salaries and personnel costs	286,005	259,005	251,796	7,209
Operating costs	10,091	10,091	8,629	1,462
Drug Court - County:				
Operating costs	55,000	55,000	50,297	4,703
Juvenile Truancy Court:				
Salaries and personnel costs	294,750	297,470	292,943	4,527
Operating costs	10,080	9,616	9,214	402
Information technology costs	2,256			
Total Administration of Justice	55,983,298	56,443,401	56,169,404	273,997
Construction and Maintenance				
Carpenter Shop:				
Salaries and personnel costs		2,065	2,064	1
Engineering:				
Salaries and personnel costs	1,755,172	1,759,439	1,757,466	1,973
Operating costs	403,365	281,396	248,312	33,084
Information technology costs	16,115	22,115	14,977	7,138
Capital acquisitions		50,993	50,993	
Landfill:				
Salaries and personnel costs	41,963	41,963	35,221	6,742
Operating costs	90,940	90,940	67,513	23,427

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Recycling Center:				
Salaries and personnel costs	128,212	122,663	112,773	9,890
Operating costs	19,314	19,314	16,769	2,545
Household/Ag Waste Program:				
Salaries and personnel costs	43,787	24,787	23,796	991
Operating costs	50,720	50,720	43,020	7,700
Total Construction and Maintenance	2,549,588	2,466,395	2,372,904	93,491
Health and Welfare				
Ambulance - EMS:				
Salaries and personnel costs	7,990,362	7,728,337	7,728,424	(87)
Operating costs	1,349,127	1,101,709	1,041,413	60,296
Information technology costs	22,990	150,410	150,410	
Capital acquisitions	422,870	739,490	736,579	2,911
Public Transportation:				
Salaries and personnel costs		12,013	12,828	(815)
Operating costs	4,096,095	12,090	4,410	7,680
Health Department - County:				
Salaries and personnel costs	513,381	399,870	399,801	69
Operating costs	39,720	39,470	28,373	11,097
Information technology costs		250	211	39
Clinical Health Immunization:				
Salaries and personnel costs	268,692	285,860	285,860	
Operating costs	28,168	28,168	14,674	13,494
Animal Control:				
Salaries and personnel costs	677,939	643,457	633,530	9,927
Operating costs	145,368	145,370	113,152	32,218
Information technology costs		14,549	13,081	1,468
Capital acquisitions		35,960	35,960	
Health and Human Services:				
Salaries and personnel costs	453,796	453,796	449,596	4,200
Operating costs	412,340	616,760	613,715	3,045
Information technology costs		1,000	982	18
Capital acquisitions		4,030	4,029	1
Senior Center:				
Salaries and personnel costs	181,334	181,406	180,963	443
Operating costs	19,900	21,900	19,885	2,015
Information technology costs	100	100	97	3
Environmental Services:				
Salaries and personnel costs	1,242,181	1,192,454	1,192,306	148
Operating costs	205,015	143,848	132,376	11,472
Information technology costs	1,624	17,960	17,886	74
Capital acquisitions		63,380	63,379	1
CIHC Coordinator - County:				
Salaries and personnel costs	552,413	506,651	506,640	11
Operating costs	2,127,163	1,287,323	1,276,289	11,034
Information technology costs		400	400	
Capital acquisitions		440		440

FORT BEND COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Social Services:				
Salaries and personnel costs	657,266	638,245	627,908	10,337
Operating costs	246,004	216,364	214,916	1,448
Capital acquisitions		690	690	
Total Health and Welfare	21,653,848	16,683,750	16,500,763	182,987
Cooperative Services				
Extension Service:				
Salaries and personnel costs	483,696	440,935	440,237	698
Operating costs	324,092	324,092	303,437	20,655
Veterans Service:				
Salaries and personnel costs	191,911	191,911	191,688	223
Operating costs	11,208	11,208	8,386	2,822
Total Cooperative Services	1,010,907	968,146	943,748	24,398
Public Safety				
Civil Service Commission:				
Salaries and personnel costs	76,607	76,607	76,173	434
Operating costs	15,200	15,200	4,649	10,551
Information technology costs	130	130	71	59
Fire Marshal:				
Salaries and personnel costs	822,743	797,728	793,781	3,947
Operating costs	1,708,387	1,618,898	1,606,576	12,322
Information technology costs	345	9,488	9,205	283
Capital acquisitions		108,633	108,632	1
Department of Public Safety:				
Salaries and personnel costs	110,354	110,354	110,035	319
Operating costs	6,462	6,462	5,840	622
Information technology costs	500	500	496	4
DPS - License and Weight:				
Operating costs	3,833	3,833	3,060	773
Information technology costs	305	305	282	23
Constable Precinct #1:				
Salaries and personnel costs	1,411,010	1,412,394	1,411,861	533
Operating costs	331,921	176,988	175,782	1,206
Capital acquisitions		149,222	149,222	
Constable Precinct #2:				
Salaries and personnel costs	1,344,536	1,345,739	1,344,177	1,562
Operating costs	232,237	159,313	148,169	11,144
Information technology costs	7,850	1,416	1,415	1
Capital acquisitions		85,764	85,752	12
Constable Precinct #3:				
Salaries and personnel costs	891,072	885,084	884,570	514
Operating costs	252,617	110,431	99,031	11,400
Capital acquisitions		142,186	142,185	1

FORT BEND COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Constable Precinct #4:				
Salaries and personnel costs	862,136	854,909	854,748	161
Operating costs	237,357	50,546	47,356	3,190
Information technology costs		300	227	73
Capital acquisitions		192,031	192,030	1
Sheriff Enforcement Operating:				
Salaries and personnel costs	27,034,330	25,877,362	25,876,611	751
Operating costs	4,876,061	3,584,368	3,484,522	99,846
Information technology costs	57,263	79,730	74,146	5,584
Capital acquisitions	98,309	1,260,490	1,263,041	(2,551)
Commissary Administration:				
Salaries and personnel costs	151,518	29,429	29,340	89
Operating costs		6,031	6,031	
Capital acquisitions		38,552	38,491	61
Emergency Management - County:				
Salaries and personnel costs	465,854	467,716	463,091	4,625
Operating costs	112,660	109,998	99,060	10,938
Information technology costs		800	745	55
Total Public Safety	41,111,597	39,768,937	39,590,403	178,534
Parks and Recreation				
Fairgrounds:				
Salaries and personnel costs	402,319	379,660	371,995	7,665
Operating costs	52,750	82,882	79,316	3,566
Information technology costs		256	256	
Capital acquisitions	12,333	82,817	82,817	
Jones Creek Ranch:				
Salaries and personnel costs		155,038	154,865	173
Operating costs		83,200	65,807	17,393
Information technology costs		3,000	2,911	89
Capital acquisitions		175,400	170,968	4,432
Parks Department:				
Salaries and personnel costs	1,167,177	1,067,059	1,066,557	502
Operating costs	715,567	591,895	532,765	59,130
Information technology costs		6,948	5,677	1,271
Capital acquisitions		105,567	104,130	1,437
Total Parks and Recreation	2,350,146	2,733,722	2,638,064	95,658
Libraries and Education				
County Library Operating:				
Salaries and personnel costs	10,640,549	10,400,678	10,400,248	430
Operating costs	3,064,104	3,032,170	2,996,406	35,764
Information technology costs	167,280	151,195	151,154	41
Capital acquisitions	31,500	87,932	87,930	2
Total Libraries and Education	13,903,433	13,671,975	13,635,738	36,237
Total Expenditures	193,272,772	182,725,987	181,446,945	1,279,042

FORT BEND COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Excess of Revenues Over Expenditures	3,347,318	19,365,241	29,259,938	9,894,697
Other Financing (Uses)				
Transfers (out)	(11,087,006)	(11,033,856)	(14,066,553)	(3,032,697)
Total Other Financing (Uses)	(11,087,006)	(11,033,856)	(14,066,553)	(3,032,697)
Net Change in Fund Balance-Budgetary Basis	(7,739,688)	8,331,385	15,193,385	6,862,000
Net Adjustment to Reflect Operations in Accordance with GAAP (a)			(15,075,507)	
Fund Balance, Beginning of Year	37,406,622	37,406,622	37,406,622	
Fund Balance, End of Year	$ 29,666,934	$ 45,738,007	$ 37,524,500	$ 6,862,000

(a) See reconciliation on page 73.

Budgets

Formal budgets are legally adopted on a GAAP basis for the General Fund, certain Special Revenue Funds and all Debt Service Funds except for the Fort Bend Parkway Road District Unlimited Tax Bonds Debt Service Fund. The debt service requirements relating to the Parkway bonds are funded solely from property taxes levied on property within the Road District. The County does not present any major Special Revenue Funds as of September 30, 2014, regardless of whether there is a legally adopted budget.

Formal budgets (annualized budgeting) are not adopted in the Capital Projects Funds. Effective budgetary control in those funds is achieved through individual project budgeting in conformance with the provisions of bond orders and other sources.

The County Budget Officer prepares the proposed budget and submits the data to the Commissioners Court. A public hearing is held on the budget before finalizing it. The 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 year, appropriations of the budgeted funds cannot exceed the available fund balances in such funds at October 1, plus the estimated revenues for the ensuing year. During the year, the Court may increase budgeted revenues and expenditures for unexpected revenues or beginning fund balances in excess of budget estimates, provided the Court rules that a state of emergency exists. The legal level of budgetary control takes place at the major operating group level within each department. The four major operating groups are: salary and personnel costs, operating and training costs, information technology costs, and capital acquisition costs. Budgetary transfers between major operating groups within each department require Commissioners Court approval.

Amounts reported in the accompanying financial statements represent the original budgeted amount plus all supplemental appropriations.

Budgetary Basis

Fort Bend County budgets for operational and capital activity through the fiscal year budget process for the General Fund, Road & Bridge, Drainage, and Debt Service Fund. The General Fund includes a multi-year budget that is not confined to the fiscal year ending September 30. This multi-year budget is used to account for capital projects, grants, and other activity expanding beyond the fiscal year. The funding for these projects and grants originates from a prior or current fiscal year budget allocation that is then transferred to the multi-year project budget. The following schedule shows a reconciliation of the actual activity in the General Fund in the fiscal year from a budgetary to GAAP basis.

	Actual Amounts Budgetary Basis	Actual Multi-Year	Actual Amounts GAAP Basis
General Fund			
Revenues	$ 210,706,883	$ 23,863,623	$ 234,570,506
Expenditures	181,446,945	38,948,914	220,395,859
Excess (Deficiency) of Revenues Over (Under) Expenditures	29,259,938	(15,085,291)	14,174,647
Other Financing Sources (Uses)			
Transfers in		9,784	9,784
Transfers (out)	(14,066,553)		(14,066,553)
Total Other Financing Sources (Uses)	(14,066,553)	9,784	(14,056,769)
Net Change in Fund Balance	15,193,385	(15,075,507)	117,878
Fund Balance, Beginning of Year			37,406,622
Fund Balance, End of Year			$ 37,524,500

Excess of Expenditures over Appropriations

For the year ended September 30, 2014, significant variances where expenditures exceeded appropriations in the following budget categories are detailed below:

General Fund:	
General Administration:	
Non-Departmental - Capital acquisitions	$ 144,965
Other Financing (Uses)	
Transfers (out)	3,032,697
Debt Service Fund:	
Total expenditures	28,323

All of the excess expenditures above were funded by other budget categories within those departments or categories. The excess expenditures in Non-Departmental – Capital acquisitions was caused by corrections made for capital acquisition costs made by the Other Self-Funded Insurance Fund (an Internal Service Fund). The excess expenditures in Other Financing (Uses) – Transfers out were caused by an unbudgeted transfer to fund the property and casualty claims in the Other Self-funded Insurance Fund. The excess expenditures in the Debt Service Fund were caused by the bond issuance costs of the 2014 Unlimited Tax Road Refunding Bonds, which were unbudgeted.

FORT BEND COUNTY, TEXAS

REQUIRED PENSION SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
September 30, 2014

Schedule of Funding Information

Actuarial valuation date	12/31/2011	12/31/2012	12/31/2013
Actuarial value of assets	$ 277,022,916	$ 293,944,235	$ 317,963,410
Actuarial accrued liability ("AAL")	$ 334,116,854	$ 357,211,910	$ 378,799,769
liability ("UAAL" or "OAAL")	$ 57,093,938	$ 63,267,675	$ 60,836,359
Funded ratio	82.91%	82.29%	83.94%
Annual covered payroll (actuarial)	$ 108,712,740	$ 109,715,087	$ 112,043,745
UAAL or OAAL as % of covered payroll	52.52%	57.67%	54.30%

FORT BEND COUNTY, TEXAS

REQUIRED OTHER POST EMPLOYMENT BENEFIT SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FORT BEND COUNTY EMPLOYEE BENEFIT PLAN
September 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Discount Rate	Actuarial Accrued Liability ("AAL") (b)	Unfunded Actuarial Accrued Liability ("UAAL") (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as % of Covered Payroll
10/1/2007	$ 0	4.0%	$ 207,157,655	$ 207,157,655	0.0%	$ 92,096,921	224.9%
10/1/2009	$ 0	4.0%	$ 240,282,297	$ 240,282,297	0.0%	$ 104,983,019	228.9%
10/1/2011	$ 0	4.0%	$ 255,897,447	$ 255,897,447	0.0%	$ 108,712,740	235.4%
10/1/2013	$ 0	4.0%	$ 283,630,840	$ 283,630,840	0.0%	$ 112,043,745	253.1%

Note: Actuarial information is only available for Fort Bend County back to fiscal year 2008, the year that the County implemented GASB 45.

APPENDIX B

EXCERPTS FROM THE AUTHORITY'S FINANCIAL REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2014

Sandersen Knox & Co, L.L.P.
Certified Public Accountants
130 Industrial Blvd, Suite 130 · Sugar Land, Texas 77478 · 281/242-3232 · fax 281/242-3252 · www.sktx.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Fort Bend County Toll Road Authority
Fort Bend County, Texas

We have audited the accompanying financial statements of the Fort Bend County Toll Road Authority (the "Authority") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fort Bend County Toll Road Authority as of September 30, 2014, 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.

Emphasis of Matter

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, 2014, 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. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory and other supplementary information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and other supplementary information 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.

Sugar Land, Texas
March 12, 2015

FORT BEND COUNTY TOLL ROAD AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Fort Bend County Toll Road Authority (the "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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements include two components: the enterprise fund financial statements; and notes to the financial statements.

Enterprise Fund Financial Statements

The Fort Bend County Toll Road Authority is a local government corporation and a component unit of Fort Bend County (the "County"). It is a single-purpose government with one business-type activity. Because the Authority is a single-purpose government, this report only includes the required Management Discussion and Analysis, the Enterprise Fund financial statements and the notes to the financial statements. The Enterprise Fund financial statements consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The enterprise fund financial statements, which can be found on pages 11 through 13 of this report, are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to private-sector businesses.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the enterprise fund financial statements. The notes to the financial statements can be found on pages 14 through 20 of this report.

Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by $72,302,410 at the close of the most recent fiscal year.

FORT BEND COUNTY TOLL ROAD AUTHORITY
CONDENSED STATEMENT OF NET POSITION
September 30, 2014 and 2013

	2014	2013
Current and other assets	$ 68,737,293	$ 65,076,646
Capital assets, net	163,786,819	160,953,472
Total Assets	232,524,112	226,030,118
Total Deferred Outflow of Resources	10,850,203	11,460,051
Long-term liabilities	167,870,110	171,321,306
Other liabilities	3,201,795	3,084,007
Total Liabilities	171,071,905	174,405,313
Net Position:		
Net investment in capital assets	11,026,993	12,201,229
Restricted	2,915,323	2,592,517
Unrestricted	58,360,094	48,291,110
Total Net Position	$ 72,302,410	$ 63,084,856

As of September 30, 2014, the Authority's net position included $11,026,993 for investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Authority uses capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Authority'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.

An additional portion of the Authority net position, $2,915,323, is restricted. This amount represents funds held by a trustee for debt service payments. The remaining balance of $58,360,094 is unrestricted.

The Authority's assets exceeded its liabilities by $72,302,410, resulting in an increase in net position of $9,217,554 from the prior year. This increase is a result of an increase in revenues due primarily to increased utilization of the Fort Bend County Toll Road System, offset by a slight increase in operating expenses, as shown on the next page. The growth in net position is being maintained in the revenue fund for future maintenance and construction.

FORT BEND COUNTY TOLL ROAD AUTHORITY
STATEMENT OF CHANGES IN NET POSITION
For the years ended September 30, 2014 and 2013

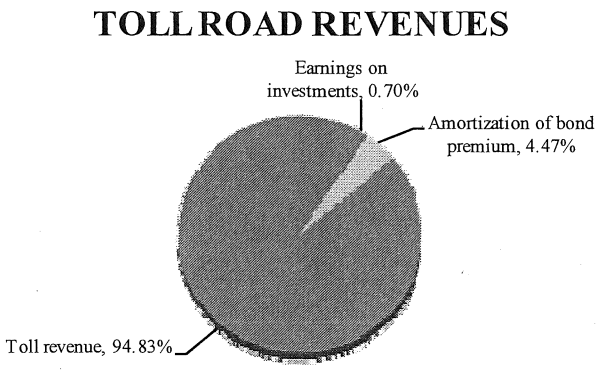
	2014	2013
Revenues		
Operating revenues:		
Toll revenue	$ 23,724,115	$ 21,853,536
Non-operating revenues:		
Earnings on investments	175,305	180,323
Amortization of bond premium	1,117,852	1,109,451
Miscellaneous income	2,065	
Total Revenues	25,019,337	23,143,310
Expenses		
Operating expenses:		
Salaries and personnel costs	33,669	31,549
Fees	3,897,378	3,253,537
Utilities	125,403	120,737
Depreciation	4,166,469	3,870,676
Non-operating expenses:		
Interest on long-term debt	7,552,458	7,652,789
Debt service fees	14,750	17,750
Amortization of bond discounts	11,656	11,656
Total Expenses	15,801,783	14,958,694
Change in Net Position	9,217,554	8,184,616
Net Position, Beginning	63,084,856	54,900,240
Net Position, Ending	$ 72,302,410	$ 63,084,856

At the end of the current fiscal year, the Authority was able to report a positive balance in net position. The same situation held true for the prior fiscal year.

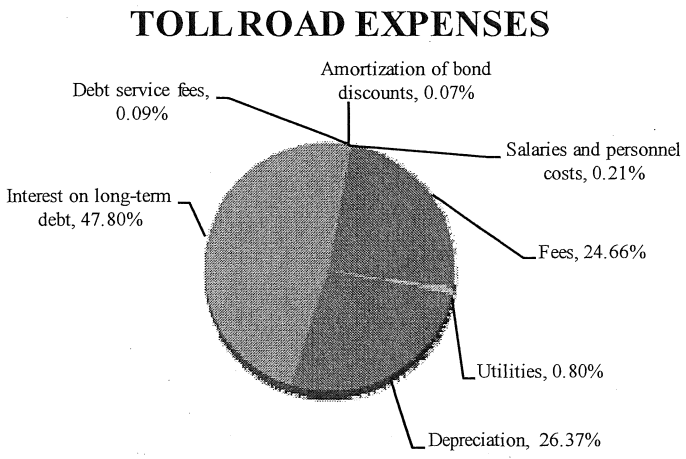
Toll Road operations increased the Authority's net position by $9,217,554. This increase is up from last year's increase of $8,184,616. The key elements of the change in increase of $1,032,938 in net position are as follows:

- Increase in toll revenue of $1,870,579 primarily due to increased utilization.
- Increase in fees of $643,841 due to increased maintenance costs of the system.

Toll Road revenues for fiscal year 2014 are graphically displayed as follows:



Toll Road expenses for fiscal year 2014 are graphically displayed as follows:



Capital Assets and Debt Administration

Capital Assets - At the end of fiscal year 2014, the Authority had $163,786,819 invested in toll road land, construction in progress, and infrastructure, net of accumulated depreciation, as reflected in the following schedule. This represents a decrease of $2,833,347 from the previous fiscal year.

FORT BEND COUNTY TOLL ROAD AUTHORITY'S CAPITAL ASSETS

	2014	2013
Non-Depreciable Capital Assets		
Land	$ 12,493,128	$ 12,436,639
Construction in progress	5,999,750	22,719,851
Other Capital Assets, Net		
Infrastructure	145,293,941	125,796,982
Totals	$ 163,786,819	$ 160,953,472

Increase in toll road infrastructure of $19,496,959 and decrease in toll road construction in progress of $16,720,101 was primarily the result of completion of the Parkway-B extension for the Fort Bend County Toll Road System.

Long-Term Debt - At the end of the current fiscal year, the Authority had total bonds outstanding of $149,235,000.

LONG-TERM DEBT

	2014	2013
Revenue bonds	$ 149,235,000	$ 151,580,000
Premiums on bonds	18,934,290	20,052,142
Discounts on bonds	(299,180)	(310,836)
Total	$ 167,870,110	$ 171,321,306

The County and Authority received an insured rating of Aaa from Moody's and Standard and Poors on the 2003 and 2004 Toll Road bond issuances, and uninsured ratings of Aa2 and AA+ from Moody's and Standard and Poors, respectively. The County and Authority received uninsured ratings of Aa1 and AA+ from Moody's and Fitch, respectively on the 2012 Refunding issue. The Authority received uninsured ratings of A2 and A+ from Moody's and Fitch, respectively on the 2012 Senior Lien issue.

Economic Factors

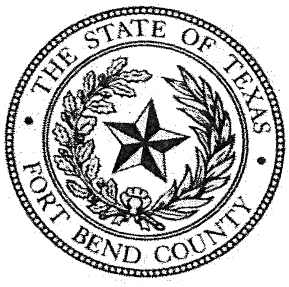
The population of the County is estimated at 652,365 in 2014 and is expected to grow to 776,950 by 2020.

The number of households has increased to 220,070 in 2015 and is expected to grow to 255,510 by 2020. Mean household income for 2015 is $172,088 and is estimated to rise to $204,744 by 2020. Income per capita is currently at $56,291 and is expected to grow to $67,786 by 2020.

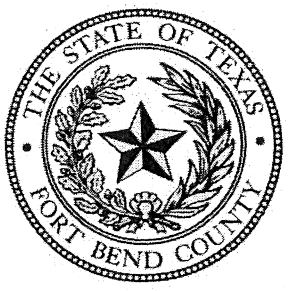
Mobility improvements continue to be a demand from the residents of Fort Bend County. The Authority is proceeding with several toll road projects that will enhance and compliment the County's road system.

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 701, 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 TOLL ROAD AUTHORITY

STATEMENT OF NET POSITION

September 30, 2014

Assets	
Cash and cash equivalents	$ 66,677,966
Due from Fort Bend Grand Parkway Toll Road Authority	167,765
Miscellaneous receivables	1,891,562
Capital assets, not subject to depreciation	18,492,878
Capital assets, net of accumulated depreciation	145,293,941
Total Assets	232,524,112
Deferred Outflow of Resources	
Deferred charges-debt refunding	10,850,203
Total Deferred Outflow of Resources	10,850,203
Liabilities	
Due to primary government	2,627,293
Accrued interest payable	574,502
Long-term liabilities due within one year	2,575,000
Long-term liabilities due in more than one year	165,295,110
Total Liabilities	171,071,905
Net Position	
Net investment in capital assets	11,026,993
Restricted for:	
Debt service	2,915,323
Unrestricted	58,360,094
Total Net Position	$ 72,302,410

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY TOLL ROAD AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended September 30, 2014

Operating Revenue	
Toll revenue	$ 23,724,115
Total Operating Revenue	23,724,115
Operating Expenses	
Salaries and personnel costs	33,669
Fees	3,897,378
Utilities	125,403
Depreciation	4,166,469
Total Operating Expenses	8,222,919
Operating Income	15,501,196
Non-Operating Revenues	
Earnings on investments	175,305
Amortization of bond premiums	1,117,852
Miscellaneous income	2,065
Total Non-Operating Revenues	1,295,222
Non-Operating Expenses	
Interest on long-term debt	7,552,458
Debt service fees	14,750
Amortization of bond discounts	11,656
Total Non-Operating Expenses	7,578,864
Change in Net Position	9,217,554
Net Position, Beginning of Year	63,084,856
Net Position, End of Year	$ 72,302,410

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY TOLL ROAD AUTHORITY

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2014

Cash Flows from Operating Activities	
Receipts from tolls and other	$ 23,509,937
Payment of toll operation expenses	(4,056,450)
Net Cash Provided by Operating Activities	19,453,487
Cash Flows from Investing Activities	
Interest earned on investments	175,305
Net Cash Provided by Investing Activities	175,305
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(7,750,516)
Repayment of loan to Fort Bend Grand Parkway Toll Road Authority	(167,765)
Loan from primary government	880,324
Principal paid on capital debt	(2,345,000)
Interest expense	(6,967,131)
Net Cash (Used) by Capital and Related Financing Activities	(16,350,088)
Net Increase in Cash and Cash Equivalents	3,278,704
Cash and Cash Equivalents, Beginning of Year	63,399,262
Cash and Cash Equivalents, End of Year	$ 66,677,966
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	$ 15,501,196
Adjustments to operations:	
Depreciation	4,166,469
Change in assets and liabilities:	
(Increase) in other receivables	(214,178)
Total adjustments	3,952,291
Net Cash Provided by Operating Activities	$ 19,453,487

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

These financial statements include all of the funds and activities of the Fort Bend County Toll Road Authority (the "Authority"). The Authority is a component unit of Fort Bend County, Texas (the "County"). Financial statements of the Authority are included as a discretely presented component unit in the County's financial statements.

The Authority is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. It 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 County Toll Road System. This Fort Bend County Toll Road System currently includes the Fort Bend Parkway Toll Road that extends from Sam Houston Parkway in Harris County to State Highway 6 in Fort Bend County near Sienna Plantation. It also includes the Westpark Tollway that extends from the Fort Bend County line to State Highway 99. The primary criteria for the inclusion of the Authority in the County's reporting entity, is that of financial accountability. The Commissioners Court, as 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. Implementation of New Standard

In the current fiscal year, the Authority implemented the following new standard:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB 65 is reflected in the financial statements and notes to the financial statements.

Also, with this implementation, deferred charges, which consist of bond issuance costs and were amortized over the term of the bonds, are no longer recognized, but are accounted for as an expense in the period incurred. Therefore, the beginning net position on the Statement of Activities has been adjusted to reflect the portion of deferred charges that were incurred in prior years.

Net Position, Beginning	$ 64,515,621
Adjustment for Deferred Charges	(1,430,765)
Net Position, Restated	$ 63,084,856

C. 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 position.

D. Cash and Cash Equivalents

The Authority's cash and cash equivalents consist of demand deposits and investment pools.

E. Receivables

Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

F. Capital Assets

Capital assets consist of infrastructure, land, and construction in progress, that are 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.

The Authority applies a half-year convention for depreciation on all capital assets. Therefore, one-half year of depreciation is charged to operations the first and last year that a capital asset is in service. Depreciation is computed using the straight-line method over an estimated useful life of 20 to 40 years.

G. Use of 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.

H. Restricted/Unrestricted Net Position

It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

I. Date of Management's Review

In preparing the financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through March 12, 2015, 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.

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%

As of September 30, 2014, 94.3% 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 utilizing weighted average maturity analysis. In accordance with its investment policy, the County reduces the Authority's 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	$ 62,895,666	1	94.3%
Investment Pools:			
Texas CLASS	290,453	43	0.4%
TexasTERM	1,007	47	0.0%
LOGIC	1,015	59	0.0%
Wells Fargo 100 % Treasury Money Market Fund	895,130	50	1.3%
Wells Fargo Government Money Market Fund	2,594,695	33	3.9%
Total Fair Value	$ 66,677,966		
Portfolio weighted average maturity (days)		3	

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.

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, 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.

Wells Fargo 100% Treasury Money Market Fund seeks current income exempt from most state and local individual income taxes, while preserving capital and liquidity. It invests in high-quality, short-term money market instruments that consist of U.S. Treasury obligations.

Wells Fargo Government Money Market Fund seeks current income, while preserving capital and liquidity. It invests in high-quality, short-term money market instruments that consist of U.S. Government obligations and repurchase agreements collateralized by U.S. Government obligations.

D. Credit Risk

The County's investment policy, which includes the Authority, does not require investments to hold certain credit ratings issued by nationally recognized statistical rating organizations. As of September 30, 2014, the Authority's investments in Texas CLASS, Texas TERM, and LOGIC were rated "AAAm" by Standard and Poor's. The Authority's investments in both Wells Fargo Money Market Funds were rated "AAAm" and "Aaa-mf" by Standard and Poor's and Moody's Investments, respectively.

NOTE 3 – RECEIVABLES

Receivables as of September 30, 2014, consist of toll revenue due from the Harris County Toll Road Authority, net of applicable fees.

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2014, is as follows:

	Balances 10/1/13	Increases	Decreases	Balances 9/30/14
Business-type Activities:				
Capital assets not being depreciated:				
Land	$ 12,436,639	$ 56,489	$	$ 12,493,128
Construction in progress	22,719,851	6,943,327	(23,663,428)	5,999,750
Total capital assets not depreciated	35,156,490	6,999,816	(23,663,428)	18,492,878
Other capital assets:				
Infrastructure	158,727,154	23,663,428		182,390,582
Total other capital assets	158,727,154	23,663,428		182,390,582
Accumulated depreciation for:				
Infrastructure	(32,930,172)	(4,166,469)		(37,096,641)
Total accumulated depreciation	(32,930,172)	(4,166,469)		(37,096,641)
Other capital assets, net	125,796,982	19,496,959		145,293,941
Total capital assets	$ 160,953,472	$ 26,496,775	$ (23,663,428)	$ 163,786,819

Depreciation expense for the Authority for the year ended September 30, 2014, totaled $4,166,469. Construction in progress is primarily comprised of activity on the Westpark section B and Parkway section B extensions. The contract commitments as of September 30, 2014 are as follows:

Westpark B Engineering and Right of Way	$ 3,814,638
Parkway B-1 Toll Conversion	371,866
Parkway B-1 Construction	37,287
Total	$ 4,223,791

NOTE 5 – LONG-TERM DEBT

The Authority issued subordinate lien revenue bonds for the purpose of financing the construction of the Toll Road System. These subordinate lien revenue bonds are paid through the Authority's Debt Service Fund from toll fees collected by the Authority. The following is a summary of the outstanding subordinate lien revenue bonds as of September 30, 2014:

Original Issue	Description	Interest Rate %	Matures	Debt Outstanding
Revenue Bonds				
$ 72,195,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2004	4.00 - 5.00	2015	$ 1,520,000
30,775,000	Senior Lien Toll Road Revenue Bonds, Series 2012	2.00 - 4.125	2040	30,775,000
116,940,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Refunding Bonds Series 2012	3.125 - 5.00	2032	116,940,000
	Total Revenue Bonds			$ 149,235,000

A summary of the long-term liability transactions of the Authority for the year ended September 30, 2014 is as follows:

	Balances 10/1/13	Additions	Retirements	Balances 9/30/14	Amounts Due Within One Year
Revenue bonds	$ 151,580,000		$ (2,345,000)	$ 149,235,000	$ 2,575,000
Premiums on bonds	20,052,142		(1,117,852)	18,934,290	
Discounts on bonds	(310,836)		11,656	(299,180)	
Totals	$ 171,321,306	$	$ (3,451,196)	$ 167,870,110	$ 2,575,000

Annual debt service requirements to maturity are summarized as follows:

	Principal	Interest	Totals
2015	$ 2,575,000	$ 6,834,925	$ 9,409,925
2016	3,745,000	6,705,875	10,450,875
2017	4,470,000	6,552,225	11,022,225
2018	5,315,000	6,343,712	11,658,712
2019	5,850,000	6,107,337	11,957,337
2020-2024	35,560,000	25,953,197	61,513,197
2025-2029	45,390,000	16,340,913	61,730,913
2030-2034	35,880,000	5,050,594	40,930,594
2035-2039	8,535,000	1,292,563	9,827,563
2040	1,915,000	39,497	1,954,497
Totals	$ 149,235,000	$ 81,220,838	$ 230,455,838

In the bond resolutions, the Authority has 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 obligated to advance funds to pay the bonds. Under the agreement, the Authority will be obligated to provide certain updated financial information and operational data annually, and timely notice of specified material events, and certain information to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

NOTE 6 - 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, 2014.

NOTE 7 – STATEWIDE INTEROPERABILITY OF ELECTRONIC TOLL COLLECTIONS

The Fort Bend Grand Parkway Toll Road Authority ("FBGPTRA") entered into an agreement by resolution on October 29, 2013 to participate in the Statewide Interoperability of Electronic Toll Collections with Texas Department of Transportation, Harris County (acting through Harris County Toll Road Authority), North Texas Tollway Authority, and Central Texas Regional Mobility Authority, for the collection of tolls from customers. The Fort Bend County Toll Road Authority joined the FBGPTRA in this agreement through a Joint Project Agreement with the FBGPTRA executed on February 19, 2014.

NOTE 8 – SUBSEQUENT EVENTS

The Authority issued $45 million in first lien revenue bonds in December, 2014, to finance the construction of the Highway 6 overpass ($33 million), purchase of right-of-way for Westpark-B extensions ($11 million) and toll conversion project for Parkway-A and Westpark-A ($4 million). This series was sold at a premium to allow funding for all components. The Authority plans to issue between $60.1 million and $68.5 million in first lien revenue bonds in the summer of 2015 for phase one of the Westpark Toll Way extension.

APPENDIX C

GLOSSARY OF TERMS

The following sets forth certain definitions used in this Official Statement and in the Indenture. Reference is made to the Indenture, copies of which may be obtained from the County, for a full and complete statement of its provisions. A summary of certain provisions of the Master Indenture is included in APPENDIX D. The provisions of the Indenture may be amended or supplemented in accordance with the terms thereof.

"2003 Indenture" shall mean the Toll Road Unlimited Tax and Subordinate Lien Revenue Bond Trust Indenture between the County and Wells Fargo Bank, N.A., as Trustee, dated April 1, 2003, and all supplemental indentures thereto pursuant to which the Fort Bend County, Texas, Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds are issued.

"Account" or "Accounts" shall mean any one or more, as the case may be, of the accounts from time to time hereafter created in any of the Funds required to be maintained pursuant to 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 County, and may be an accountant or firm of accountants that regularly audits the books of the County, if satisfactory to the Trustee.

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

"Act" shall mean, collectively, Chapter 284, Texas Transportation Code, and Chapters 1201, 1207, 1371, and 1431, Texas Government Code, as they may be amended from time to time.

"Aggregate Debt Service" shall mean for any Fiscal Year or other period as of the date of calculation the sum of the amounts of Debt Service for such Fiscal Year or other period with respect to all Series of Bonds, Parity Notes, and other Parity Obligations then outstanding.

"Annual Budget" shall mean the annual budget of the County for the Project, as amended or supplemented, adopted, or in effect for a particular Fiscal Year or fraction thereof.

"Authenticating Agent" shall mean any agent of the Trustee designated to authenticate the Bonds of any Series as provided in any Supplemental Indenture and its successor or successors, which may include the Trustee.

"Authorized Newspapers" shall mean any two newspapers, reports, or other publications customarily published at least once in each calendar week, printed in the English language, one of which shall be a financial journal or publication of general circulation among tax exempt securities dealers in the United States of America (such as *The Bond Buyer*) and the other of general circulation among tax exempt securities dealers in the State of Texas (such as *Texas Municipal Reports*).

"Authorized Officer of the County" shall mean the County Judge, the County Auditor, 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 Commissioners Court.

"Bond" or "Bonds" shall mean any bond or bonds, as the case may be, authenticated and delivered under and pursuant to the Indenture.

"Bondowner" or "Owner of Bonds" shall mean the registered owner of any Bond or Bonds.

"Business Day" shall mean a day which is not a banking holiday in New York City or Houston, Texas, except as may otherwise be provided by Supplemental Indenture.

"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 County Toll Road Senior Lien Revenue Bond Construction Fund required to be maintained by the County pursuant to the Indenture and any separate accounts required to be maintained in the Construction Fund pursuant to the terms of any Supplemental Indenture.

"Consulting Engineers" shall mean the County Engineer or the engineering firm or firms at the time employed by the County 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" or "Project Development Cost" shall mean all costs of acquisition, construction, improvement, operation, and maintenance of the Project or any project or projects with which the Project is proposed to be pooled which meets the definition of cost of the project under the Act. Such cost shall include all reasonable costs of marketing and providing public information to inform the public of the service and facilities provided by the Project.

"Costs of Issuance" shall mean the items of expense payable or reimbursable directly or indirectly by the County and related to the authorization, sale and issuance of Bonds or Parity Notes or the authorization or incurrence of other Parity Obligations, 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; initial fees and charges of providers of Parity Credit Agreements and Parity Hedge Agreements or other parties pursuant to remarketing, indexing or similar agreements; 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 or Parity Obligations; and other administrative or other costs of issuing, carrying, and repaying such Bonds or Parity Obligations and investing the proceeds thereof.

"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 County) selected by the County 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.

"Debt Service" shall mean, with respect to any particular Fiscal Year or other period and any Series of Bonds, Parity Notes or other Parity Obligations, an amount equal to the sum of (a) all interest accruing on such Bonds and Parity Notes during such period, except to the extent that such interest is to be paid from amounts (including any investment earnings thereon) deposited in the Debt Service Fund, Construction Fund, or elsewhere for the purpose of providing capitalized interest, and except to the extent that such accruing interest on such Bonds or Parity Notes is payable only at maturity or redemption (as with capital appreciation bonds) in which case the entire amount of such interest shall be deemed to accrue in the same manner as Principal Installments, plus (b) that portion of the Principal Installment or Installments of such Bonds or Parity Notes which would accrue during such period if such Principal Installment or Installments were deemed to accrue monthly from a date one year prior to its due date or from the date of issuance of the respective Series, whichever is later, plus or minus (c) net amounts payable or receivable under any Parity Hedge Agreements, which accrue during such period. For purposes of calculating Debt Service, the following rules shall apply:

(A) Interest and Principal Installments for any Series of Bonds or Parity Notes shall be calculated on the assumption that no Bonds or Parity Notes of any Series Outstanding on the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

(B) Interest and Principal Installments for any series of Parity Notes shall be calculated on the assumption that all Parity Notes shall be continuously refinanced with other Parity Notes or Bonds so as to permit approximately equal annual amortization of Debt Service on such Series of Parity Notes over a period of 30 years following depletion of any amounts provided for capitalized interest on such Parity Note.

(C) Except as provided in (D) below, future Debt Service for any Series of Bonds or Parity Notes which bears interest at variable rates or which will at some future date bear interest at a rate or rates to be determined or which will be subject to conversion to an interest rate or interest rate mode such that rates cannot then be ascertained shall be calculated using a rate which shall be estimated and certified by the financial advisor to the County as the rate that would have been borne by such Bonds or Parity Notes if they were at the date of certification issued (or remarketed as the case may be) as 30-year Bonds bearing a fixed rate of interest.

(D) Amounts payable and/or receivable by the County under Parity Hedge Agreements may be combined with payments of Debt Service on any Series of Bonds or Parity Notes to which the Parity Hedge Agreement relates. In such event, the financial advisor to the County shall prepare a combined calculation of Debt Service with respect to the amounts payable and/or receivable under the Parity Hedge Agreement and the amounts of interest payable under the Bonds or Parity Notes to which it relates, and in such calculation may offset amounts receivable by the County under the Parity Hedge Agreement against interest payable on related Bonds or Parity Notes. Any remaining (*i.e.,* not offset) payment obligations of the County under the Parity Hedge Agreement shall be treated as payments of interest for purposes of computing Debt Service and shall be calculated at the rate provided in such Parity Hedge Agreement the same as if it were an interest rate on Bonds or Parity Notes, and if such rate is variable or otherwise not ascertainable at the time of cancellation, shall be estimated by such financial advisor to the County in the same manner as herein provided for the estimation of Debt Service on Bonds or Parity Notes bearing interest at variable rates or rates not ascertainable at the time of calculation. If not combined with payments of Debt Service on Bonds or Parity Notes as set forth above, amounts payable and/or receivable by the County under Parity Hedge Agreements shall include only the net amount payable and/or receivable for purposes of computing Debt Service.

"Debt Service Fund" shall mean the County Toll Road Senior Lien Revenue Bond Debt Service Fund established in the Indenture.

"Debt Service Reserve Fund" shall mean the County Toll Road Senior Lien Debt Service Reserve Fund required to be maintained pursuant to the Indenture.

"Debt Service Reserve Fund Participants" shall mean: (i) with respect to Bonds, any series of Bonds designated by the County as "Debt Service Reserve Fund Participants" and secured by a lien on the Debt Service Reserve Fund Participant Account of the Debt Service Reserve Fund, and (ii) with respect to Parity Notes, any Parity Note designated by the County as "Debt Service Reserve Fund Participants" and secured by a lien on the Debt Service Reserve Fund Participant Account of the Debt Service Reserve Fund.

"Debt Service Reserve Fund Participant Account" shall mean the account of such name created within the Debt Service Reserve Fund for the benefit of the holders of Bonds and Parity Obligations that are designated as Debt Service Reserve Fund Participants.

"Debt Service Reserve Fund Non-Participant Account" shall mean one or more accounts of such name created within the Debt Service Reserve Fund created for the benefit of the holders of Bonds that are not designated as Debt Service Reserve Fund Participants.

"Debt Service Reserve Fund Requirement" shall mean the amount established and stipulated in each Supplemental Indenture, which shall not exceed the lesser of (i) the maximum annual debt service on such issue of Bonds or Parity Obligations, (ii) one hundred twenty-five (125%) of the average annual debt service on such issue of Bonds or Parity Obligations or (iii) ten percent of the initial principal amount of such issue of Bonds or Parity Obligations (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 such issue of Bonds or Parity Obligations). For Debt Service Reserve Fund Participants, the Debt Service Reserve Fund Requirement shall be equal to the amount established in the preceding sentence. For a Series of Bonds or Parity Notes that are not Debt Service Reserve Fund Participants, the amount shall be established in the particular Supplemental Indenture and may be less than the amount defined in the first sentence of this definition.

"Debt Service Reserve Fund Liquidity Facility" shall mean any agreement, however denominated, provided by a qualifying financial institution (as described in the following sentence) which contractually commits to purchase for not less than a stated price any class or amount of Investment Securities held in the Debt Service Reserve Fund at any time such Investment Securities must be liquidated in order to make cash transfers to the Debt

Service Fund. A Debt Service Reserve Fund Liquidity Facility may only be entered into with a financial institution which (a) at the time of entering into such agreement either (i) has long term credit ratings in one of the two highest generic rating categories from at least two nationally recognized rating services or (ii) has long term credit ratings in one of the three highest generic rating categories from at least two nationally recognized rating services and agrees to collateralize its obligations under such agreement by lodging with a third party trustee, escrow agent, custodian or other financial third party direct obligations of the United States of America or its agencies with a market value equal to 102% of the difference between the face amount of its obligations under the agreement and the market value of the Investment Securities to which the agreement relates (based on periodic market valuations at least twice per year), and (b) agrees that for any period during the term of the agreement its long term credit rating fails to remain in one of the two highest generic rating categories from at least two nationally recognized rating agencies, it will collateralize its obligations under the agreement in the manner described in clause (a)(ii) above.

"Debt Service Reserve Fund Surety Policy" shall mean any reserve fund surety policy or bond, letter of credit or other instrument, however denominated, provided by a qualifying financial institution as described in the following sentence, pursuant to which the Trustee or Paying Agent may draw on such Debt Service Reserve Fund Surety Policy to enable the Debt Service Reserve Fund to make a required transfer to the Debt Service Fund. Debt Service Reserve Fund Surety Policies may only be acquired from a financial institution with a long term credit rating in one of the two highest generic rating categories from at least two nationally recognized rating services and having a credit rating or claims paying ability such that the purchase of such surety policy will not cause any rating agency then rating any Bonds or Parity Notes to withdraw or lower its rating.

"Event of Default" shall mean an Event of Default as such term is defined in the Indenture. See the caption "Defaults and Remedies" in APPENDIX D.

"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 County which is currently the 12-month period ending the last day of September, but which may be changed from time to time.

"Fund" or "Funds" shall mean any one or more, as the case may be, of the separate special funds created and established or required to be maintained pursuant to the Indenture.

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

"Indenture" shall mean the Master Indenture, as amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, and the Third Supplemental Indenture, and as the same may be amended or supplemented from time to time by one or more other Supplemental Indentures in accordance with the terms of the Master Indenture.

"Interest Payment Date" shall mean the date on which interest on the Bonds or any Parity Notes is due and payable.

"Investment Security" or "Investment Securities" shall mean and include any securities authorized for investment of County Funds by the laws of the State of Texas, currently the "Texas Public Funds Investment Act," Chapter 2256, Texas Government Code, as the same may be amended from time to time.

"Junior Lien Obligations" shall mean any bonds, notes, or other obligations secured in whole or in part by a pledge of and lien on Revenues after making all required transfers to the Debt Service Fund and Debt Service Reserve Fund, but prior to the payment of Project Expenses. Junior Lien Obligations are intended to constitute "senior indebtedness" within the meaning of the 2003 Indenture.

"Maintenance Tax Fund" shall mean the Fort Bend County, Texas Toll Road Maintenance Tax Fund required to be maintained by the County pursuant to the Indenture.

"Net Revenues" shall mean, for any Fiscal Year or other period of time, the Revenues less the Operating Expenses.

"Operating Board" shall mean the Fort Bend County Toll Road Authority or any other entity appointed by the County to act as an Operating Board under the provisions of the Indenture.

"Operating Expenses" shall mean only so much of the Project Expenses as shall constitute the County's expenses for operation, maintenance, repairs, ordinary replacement and ordinary reconstruction of the Project and ordinary acquisition of equipment and any other current expenses or obligations required to be paid by the County under the provisions of the Indenture or by law, all to the extent properly and directly attributable to the operation of the Project, but not any costs or expenses for new construction or any allowance for depreciation.

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

"Outstanding" shall mean as of any date, Bonds or Parity Notes theretofore or thereupon being authenticated and delivered under the Indenture except:

(i) Bonds or Parity Notes cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;
(ii) Bonds or Parity Notes in lieu of or in substitution for which other Bonds or Parity Notes shall have been authenticated and delivered pursuant to the Indenture;
(iii) Bonds or Parity Notes deemed to have been paid or defeased as provided in the Indenture (or in any Supplemental Indenture) or as provided by law; and
(iv) As otherwise provided in any Supplemental Indenture.

"Owner" shall mean the registered owner of any Bond or the owner of any Parity Obligation, as the case may be.

"Parity Credit Agreement" shall mean any agreement between the County and a third party financial institution pursuant to which such third party financial institution issues a letter of credit, municipal bond insurance policy, line of credit, standby purchase agreement, surety policy, surety bond, or other guarantee for the purpose of enhancing the creditworthiness or liquidity of any of the County's obligations pursuant to any Bonds, Parity Notes, or Parity Hedge Agreements, and in consideration for which the County may agree to pay certain fees and to reimburse and repay any amounts advanced under such Parity Credit Agreement, together with interest and other stipulated costs and charges.

"Parity Hedge Agreement" shall mean any agreement between the County and a qualifying financial institution (as described in the following sentence) for the purpose of providing an interest rate swap, 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 or Parity Notes. A Parity 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 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 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 Parity Hedge Agreement.

"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.

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

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

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

"Paying Agent" shall mean any bank or trust company or national or state banking association designated to make payment of the principal and Redemption Price of and interest on the Bonds or Parity Notes 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 the Indenture.

"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 home-rule 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 (i) the principal amount of Outstanding Bonds of said Series which mature on a single future date, reduced by the aggregate principal amount of such Outstanding Bonds of such Series which would at or before said future date be retired as a result of Sinking Fund Installments applied in accordance with the Indenture or a Supplemental Indenture plus (ii) the amount of any Sinking Fund Installment payable on said future date for the retirement of any Outstanding Bonds of said Series; and

(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 County's financial advisor to achieve an approximately equal annual amortization of Debt Service on such Series of Parity Notes over such 30 year period.

"Project" shall mean all of the County's right, title and interest (whether such interest is fee, easement, leasehold, contractual or otherwise) in and to (i) the Fort Bend Parkway and the Westpark Tollway and (ii) such other project or projects, or interest therein, with which the Project may be pooled pursuant to the Act or other applicable law (each of which shall be a "Pooled Project"). Fort Bend Parkway and the Westpark Tollway shall include without limitation all of the following which are necessary or useful in connection therewith: causeways, bridges, tunnels, turnpikes, highways, or any combination of such facilities, and all overpasses, underpasses, interchanges, entrance plazas, toll houses, service stations, approaches, fixtures, accessories, equipment, and administration, storage and all other buildings, together with all property rights, easements and interests acquired in connection therewith, and any other improvements, extensions, and betterments as may now be permitted by the Act.

"Project Expenses" shall mean the County'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, and 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 (which may include premiums, costs, and expenses relating to interest rate caps, limits, or guarantees); (iii) Costs of Issuance not paid as a Cost of the Project; and (iv) payments to pension, retirement, health, and hospitalization funds.

"Project Segment" shall mean any addition to, or expansion or improvement of the Project identified as a Project Segment in any Supplemental 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 Series 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 Series.

"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, the Indenture, or any Supplemental Indenture.

"Refunding Bonds" or "Refunding Parity Notes" shall mean all Bonds or Parity Notes, whether issued in one or more Series, issued for the purpose of refunding a like or different principal amount of Bonds, Parity Notes, or other Toll Road Bonds, and thereafter authenticated and delivered pursuant to the Indenture or any Supplemental Indenture.

"Register" shall mean the register maintained by the Registrar for each Series of Bonds or Parity Notes which shows ownership of Bonds or Parity Notes in accordance with the Indenture.

"Registrar" shall mean any agent of the Trustee designated to keep a register or registers of the Owners of the Bonds or Parity Notes of any Series as provided in any Supplemental Indenture, and its successor or successors, which may include the Trustee.

"Renewal and Replacement Fund" shall mean the County Toll Road Renewal and Replacement Fund established in the Indenture.

"Repurchase Agreement" shall mean an agreement entered into with a Person pursuant to which the County purchases and such Person agrees to repurchase specified Investment Securities provided that the repurchase price shall not be less than the purchase price.

"Revenue Fund" shall mean the County Toll Road Revenue Fund required to be maintained pursuant to the Indenture.

"Revenues" shall mean all amounts derived from the ownership or operation of 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, plus any interest income earned on all Funds and Accounts established hereunder and under the 2003 Indenture which is required to be transferred to or maintained in the Revenue Fund, the Debt Service Fund, or the Reserve Fund, but specifically excluding interest income attributable to capitalized interest on the Bonds and Parity Notes.

"Series" shall mean Bonds or Parity Notes identified as a separate series and any Bonds or Parity Notes thereafter authenticated and delivered in lieu of or in substitution for such Bonds or Parity Notes pursuant to the Indenture or any Supplemental Indenture.

"Sinking Fund Installment" shall mean, as of any particular date of calculation and with respect to any Series of Bonds or Parity Notes, the amount of money to be applied as the Redemption Price of Bonds or Parity Notes in any Fiscal Year prior to maturity pursuant to the Supplemental Indenture for such Series, as such Installment shall have been previously reduced by the principal amount of any Bonds or Parity Notes of such Series of the maturity with respect to which such Sinking Fund Installment is payable which are purchased or redeemed by the Trustee in accordance with the provisions of the Indenture or of any Supplemental Indenture, other than a Sinking Fund Installment redemption or purchase.

"State" shall mean the State of Texas.

"Supplemental Indenture" shall mean any Indenture supplemental to or amendatory of the Indenture, adopted by the County in accordance with the Master Indenture.

"Surplus Fund" shall mean the County Toll Road Surplus Fund required to be maintained pursuant to the Indenture.

"Toll Road Bonds" shall mean the Bonds, and any other bonds from time to time hereafter issued for the purpose of providing funds to pay the Cost of the Project, whether pursuant to the Indenture or otherwise.

"Traffic Engineers" shall mean the traffic engineer employed by the County and "Independent Traffic Engineer" shall mean an engineering firm or corporation retained by the County, 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, respectively.

"Trust Estate" shall mean the Trust Estate as defined in the Indenture.

"Trustee" shall mean a commercial bank or trust company duly organized and existing under the laws of the State of Texas or 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 the Indenture, and its successor or successors and any other person which may at any time be substituted in its place pursuant to the Indenture.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

The Master Indenture contains various covenants and security provisions, certain of which are summarized below or elsewhere in this Official Statement. The following are selected provisions of the Master Indenture. Such provisions are qualified by reference to the other portions of the Indenture referred to elsewhere in this Official Statement, and all references and summaries pertaining to the Master Indenture in this Official Statement are, separately and in whole, qualified by reference to the exact terms of the Master Indenture, a copy of which may be obtained from the County. The provisions of the Master Indenture may be amended or supplemented in accordance with the terms thereof.

As used in this APPENDIX D, the term "Bond" or "Bonds" shall have the same meaning given to such term in the Master Indenture. See "APPENDIX C – GLOSSARY OF TERMS."

Permitted Investments

The Indenture requires that all amounts held in any Fund or Account under the Indenture by either the Trustee or the County must either be (i) continuously and fully secured for the benefit of the County and the Owners of the Bonds by either direct obligations of or obligations guaranteed by the United States of America or secured in the manner required by the laws of the State of Texas for public funds or (ii) invested in Investment Securities so long as they mature not later than such times as will be necessary to provide money when needed for payments to be made from such Funds and Accounts. "Investment Securities" means investments authorized from time to time pursuant to the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code or other applicable laws of the State of Texas, which mature not later than such times as shall be necessary to provide moneys for payments from such Funds or Accounts.

Interest earned or profits realized from investing any amounts in the Construction Fund, and amounts representing capitalized interest in the Debt Service Fund, may be retained in such Funds. Interest earned from investing amounts in any other Fund or Account will be transferred into the Revenue Fund.

Toll Classification

The County is required to classify tolls in a manner that will apply to all traffic in a uniform manner within any reasonable class. No reduced rates will be allowed within any 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 Revenues net of Project Expenses. No free service will be permitted on the Project, except for certain authorized officials and emergency vehicles and vehicles whose passage is determined to be in the public's interest or the interest of the Project.

Annual Budget

After any part of the Project is completed and operational, the County has covenanted in the Indenture to file with the Trustee an Annual Budget for each Fiscal Year that includes the estimated Project Expenses for such Fiscal Year, in addition to the amount required to establish and maintain the Operating Reserve sufficient to pay two months' Project Expenses. The County may, at any time, adopt an amended Annual Budget or Budgets for the remainder of the then current Fiscal Year. Until a new Annual Budget is adopted, the prior Fiscal Year's Annual Budget shall be deemed to be the Annual Budget for that Fiscal Year.

Consulting Engineers Reports on Projects

In the Indenture, the County covenants and agrees that after the Project or any part of it is completed and operational, the County 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 County a report setting forth (i) their findings whether the Project has been maintained in good repair, working order and condition, (ii) their advice and

recommendations as to the proper maintenance, repair and operation of the Project during the ensuing 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 Project Expenses in the Annual Budget for the next ensuing Fiscal Year and (iii) their advice and recommendations as to the insurance to be carried under the provisions of the Indenture. The Indenture provides that copies of such reports are to be filed with the Trustee.

Construction Contracts

In the Indenture, the County covenants and agrees that before entering into any construction contract it will secure the recommendation of the Consulting Engineers 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 County further covenants and agrees that the proceeds of any such performance bond and payment bond will forthwith, upon receipt of such proceeds, be deposited in the Construction Fund established pursuant to the Indenture and applied toward the completion of the contract in connection with which such performance bond and payment bond shall have been furnished.

Rules and Regulations; Maintenance of Project

In the Indenture, the County 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 of the Project 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.

Consulting Engineers; Traffic Engineers

In the Indenture, the County covenants that, as long as there are any Bonds, Parity Notes or other Parity Obligations Outstanding, it will employ Consulting Engineers or Traffic Engineers as necessary to comply with the Indenture.

Insurance

In the Indenture, the County 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.

Sale or Encumbrance of Project

In the Indenture, the County covenants that, as long as there are any Bonds and Parity Notes Outstanding, and except as in the Indenture otherwise permitted, it will not sell or otherwise dispose of the Project or any part thereof unless it determines that such sale or other disposal is in the best interest of the Project and not materially adverse to the rights of the Owners of the Bonds, Parity Notes or other Parity Obligations. Such covenant, however, shall not limit the ability of the County to issue Bonds and Parity Notes and incur Parity Obligations, to dispose of surplus property, to enter into contracts with respect to the lease or operation of all or any part of the Project.

Defaults and Remedies

Events of Default. Any of the following events will constitute an "Event of Default" under the Indenture:

(i) failure to make the due and punctual payment of the principal or Redemption Price of any Bond or Parity Note when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(ii) failure to make the due and punctual payment of any installment of interest on any Bond or Parity Note or the unsatisfied balance of any Sinking Fund Installment therefor (except when such installment is due on the maturity date of such Bond or Parity Note), or any other Parity

Obligation when and as such interest installment or Sinking Fund Installment or other Parity Obligation shall become due and payable, and such failure shall continue for a period of 30 days;

(iii) failure by the County in the performance or observance of any other of the covenants, agreements, or conditions on its part contained in the Indenture or in the Bonds, Parity Notes or other Parity Obligations, and such default shall continue for a period of 60 days after written notice thereof to the County by the Trustee or to the County and to the Trustee by the Owners of not less than 25% in principal amount of the Bonds and Parity Notes Outstanding;

(iv) if the County: (a) files 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) takes any action indicating its consent to, approval of, or acquiescence in, any such petition or proceeding; (c) applies for, or consents or acquiesces in the appointment of, a receiver or a trustee of the County or for all or a substantial part of its property; (d) makes an assignment for the benefit of creditors, or (e) is unable, or admits in writing its inability, to pay its debts as they mature; or

(v) if proceedings have commenced against the County, 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 County or for all or a substantial part of its property, and the same continues for 90 days undismissed or undischarged or results in the adjudication of bankruptcy or insolvency.

Notice of Default. The Trustee shall not be required to give notice to the County of any Event of Default, known to exist under the Indenture; provided, however, that upon written request of the Owners of not less than 25% in aggregate principal amount of the Bonds and Parity Notes Outstanding, the Trustee shall give written notice to the County of any default or breach constituting an Event of Default under subparagraph (iii) of the immediately preceding "Events of Default" subcaption.

Actions by Trustee. If an Event of Default occurs and is 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 and Parity Notes Outstanding, must: (i) by mandamus or other suit, action, or proceeding at law or in equity require the County to perform its covenants, representations, and duties under the Indenture; (ii) bring suit upon the Bonds, Parity Notes and other Parity Obligations; (iii) by action or suit in equity require the County to account as if it were the trustee of an express trust for the Owners of the Bonds, Parity Notes and other Parity Obligations; (iv) 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, Parity Notes and other Parity Obligations; (v) take over the possession, administration, and management of all Funds and Accounts required to be maintained by the County pursuant to the Indenture; or (vi) take such other steps to protect and enforce its rights and the rights of the Owners of the Bonds, Parity Notes and other Parity Obligations, whether by action, suit, or proceeding in aid of the execution of any power granted in the Indenture or for the enforcement of any other appropriate legal or equitable remedy.

Judicial Proceedings. If an Event of Default occurs and is continuing, then the Trustee may, and upon the request of the Owners of not less than 25% in aggregate principal amount of the Bonds and Parity Notes Outstanding, and upon being indemnified to its satisfaction, will, 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, premium, if any, and interest on the Bonds and Parity Notes and amounts due on the Parity Obligations 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 deems most effectual to protect and enforce any of its rights or the rights of the Owners of Bonds, Parity Notes and other Parity Obligations under the Indenture.

Application of Proceeds. The proceeds received by the Trustee pursuant to the exercise of any right or remedy under the Indenture 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:

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

(ii) to the payment of the interest and principal or Redemption Price and any other amounts then due on the Bonds, Parity Notes arid other Parity Obligations, 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 therefor ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference;

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds and Parity Notes and other unpaid amounts owing under any other Parity Obligations 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 such amounts due on any date, then to the payment thereof ratably, according to the amounts due on such date, to the persons entitled thereto, without any discrimination or preference; and

(iii) to the payment of the amounts required for reasonable and necessary Project Expenses allocable to the Bonds, Parity Notes and other Parity Obligations, the Indenture or the Project.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee in the Indenture 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 under the Indenture or under the Bonds, Parity Notes, and other Parity Obligations, or now or hereafter existing at law or in equity or by statute.

Limitation on Suits. All rights of action in respect of the Indenture shall be exercised only by the Trustee, and no Owner of any Bond, Parity Note, or other Parity Obligation issued under the Indenture 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 under the Indenture, 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 and Parity Notes Outstanding and shall have been furnished reasonable indemnity and shall have refused or neglected for 60 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 60 day period by the Owners of a majority in principal amount of the Bonds and Parity Notes 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, Parity Notes, or other Parity Obligations of the powers and remedies given to the Trustee under the Indenture 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 under the Indenture, 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 and Parity Notes 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 County as the Trustee may deem expedient in the interest of the Owners of the Bonds, Parity Notes and other Parity Obligations.

Nothing contained in the Indenture, however, shall affect or impair the right of any Owner, which shall be absolute and unconditional, to enforce the payment of the principal of, premium, if any, and interest on the Bonds and Parity Notes and amounts due on other Parity Obligations of such Owner, but only out of the moneys for such payment as provided in the Indenture, or the obligation of the County, which shall also be absolute and unconditional, to make payment of the principal of, premium, if any, and interest on the Bonds and Parity Notes and amounts due on other Parity Obligations issued under the Indenture, but only out of the funds provided in the Indenture for such payment, to the respective Owners thereof at the time and place stated in said Bonds, Parity Notes and other Parity Obligations.

Rights of Owners to Direct Proceedings. Notwithstanding any provision of the Indenture to the contrary, the Owner or Owners of more than 50% in aggregate principal amount of the Bonds and Parity Notes 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 the 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 under the Indenture; provided, however, that the Trustee shall have been satisfactorily indemnified and that such direction shall not be contrary to law or the provisions of the 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 Owner of the Bonds, Parity Notes and other Parity Obligations not consenting.

Notice to Owners of Default. The Trustee or Paying Agent on behalf of the Trustee shall promptly mail to registered Owners of Bonds, Parity Notes and other Parity Obligations written notice of the occurrence of any Event of Default of which it has notice pursuant to the Indenture.

The Indenture contains additional provisions that are not summarized in this APPENDIX D with respect to certain other matters relative to Events of Default and the exercise of remedies with respect thereto.

Defeasance

Any Bonds will, prior to the maturity or redemption date therefor, be deemed to have been paid and to be no longer Outstanding under the provisions of the Indenture if (i) in case of any Bond to be redeemed on any date prior to maturity, the County has given to the Trustee or a Paying Agent irrevocable instructions to give notice of redemption on such Bonds, (ii) there has been deposited with the Trustee or a Paying Agent either money in an amount sufficient, or certain Investment Securities the principal and interest on which, without further investment, will be sufficient, together with money, if any, deposited therewith, to pay when due the principal, redemption price, if applicable, and interest due and becoming due on such Bond on and prior to redemption or maturity date, as the case may be, and (iii) in the event Bonds are not to be redeemed within the next succeeding 60 days, the County will have given the Trustee or a Paying Agent irrevocable instructions to publish at least twice, at an interval of not less than seven days, in the Authorized Newspapers a notice to the Owners of the Bonds to be redeemed, and to mail notices to such Owners that such deposit has been made and that the Bonds are deemed to have been paid and stating the maturity or redemption date upon which such money will be made available for the payment of the principal or redemption price, if applicable, and interest on such Bonds. For purposes of clause (ii) above, Investment Securities shall mean and include only direct obligations of (or obligations the principal of and interest on which is unconditionally guaranteed by) the United States of America, and such securities shall not be subject to redemption prior to their maturity.

Amendments

The County may adopt a Supplemental Indenture without consent of the Owners for any of the following purposes: (i) to authorize the issuance of Bonds, Parity Notes and other Parity Obligations; (ii) to provide additional limitations and restrictions on the issuance of Bonds, Parity Notes and other Parity Obligations or the issuance of other evidences of indebtedness; (iii) to add other covenants and agreements to be observed by the County not inconsistent with the Indenture; (iv) to add other limitations and restrictions to be observed by the County of the Trust Estate which are not inconsistent with the Indenture; (v) to confirm any pledge under the Indenture of the Trust Estate; (vi) to modify any of the provisions of the Indenture provided that such modification will be effective only after all Outstanding Bonds, Parity Notes and other Parity Obligations at the date of adoption will cease to be Outstanding; (vii) to modify, amend, or supplement the Indenture to permit the qualification under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or under any state Blue Sky Law; (viii) to surrender any right, power, or privilege reserved to or conferred upon the County by the Indenture, provided that such surrender is not inconsistent with the covenants and agreements of the County contained in the Indenture; (ix) to pool the Project with one or more other projects as permitted by the Act; (x) to increase the Debt Service Reserve Fund Requirement or to provide for Debt Service Fund Surety Policies; (xi) to establish or increase the required balance to be accumulated or maintained in the Renewal and Replacement Fund; (xii) to alter the Indenture to comply with the requirements of a nationally recognized rating agency in order to maintain a rating on the Bonds or Parity Notes in a high-quality, short-term or commercial paper rating category or long-term debt rating category of such rating agency; (xiii) to increase the interest rate or rates on the Bonds or Parity Notes of any series; and (xiv) to designate Paying Agents, Authenticating Agents, Registrars, and other agents for Bonds of any series.

The Indenture also may be amended without the consent of the Owners with the written consent of the Trustee: (i) to cure any ambiguity, supply any omission, or cure any defect or inconsistent provision in the Indenture; (ii) to insert such provisions clarifying matters as are necessary or desirable and are not inconsistent with the Indenture; (iii) to provide for additional duties of the Trustee in connection with the Trust Estate or the Project; or (iv) to modify any of the provisions of the Indenture, provided that such action shall not adversely affect the interest of the Owners of Outstanding Bonds, Parity Notes or other Parity Obligations.

Any other amendment of the Indenture may be made with the written consent given by the Owners as provided in the Indenture (i) of the Owners of at least two-thirds in principal amount of the Bonds and Parity Notes Outstanding at the time such consent is given, and (ii) in case less than all of the several series of Bonds and Parity Notes Outstanding are affected by the amendment, of the Owners of at least two- thirds in principal amount of the Bonds and Parity Notes of each series so affected and Outstanding at the time such consent is given, and (iii) in case the amendment changes the terms of any Sinking Fund Installment, of the Owners of at least two-thirds in principal amount of the Bonds or Parity Notes of the particular series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; provided, however, that if such amendment will, by its terms, not take effect as long as any Bonds or Parity Notes of any specified like series and maturity remain Outstanding, the consent of the Owners of such Bonds and Parity Notes will not be required. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond, Parity Note, or other Parity Obligation 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, Parity Note, or other Parity Obligation, or shall reduce the percentages or otherwise affect the classes of Bonds or Parity Notes 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. A series shall be deemed to be affected by a modification or amendment of the Indenture if the same materially adversely affects or diminishes the rights of the Owners of Bonds or Parity Notes of such series. The Trustee may in its discretion determine whether or not (and may rely on Counsel's Opinion to make such discretionary determination), in accordance with the foregoing powers of amendment.

The terms and provisions of the Indenture and the rights and obligations of the County and of the Owners of the Bonds, Parity Notes, or other Parity Obligations thereunder may be modified or amended in any respect upon the adoption and filing by the County of a Supplemental Indenture and the consent of the Owners of all the Bonds, Parity Notes, or other Parity Obligations Outstanding or, in the case of a Supplemental Indenture, the Owners of all Bonds, Parity Notes, and other Parity Obligations issued or incurred pursuant to such Supplemental Indenture; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee or other Fiduciaries without the written assent thereto of the Trustee or other Fiduciaries in addition to the consent of the Owners.

The terms and provisions of the Indenture and the rights and obligations of the County and the Owners thereunder may be modified or amended with respect to a particular series upon the adoption and filing by the County of a Supplemental Indenture and the consent of the Owners of all Bonds or Parity Notes of the particular series, such consent to be given by written notice to the Trustee, and no notice to Owners by mailing or publication 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 assent thereto of the Trustee in addition to the consent of the Owners.

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APPENDIX E

FORM OF OPINION OF BOND COUNSEL

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February 9, 2016

WE HAVE REPRESENTED FORT BEND COUNTY, TEXAS (the "County"), as its bond counsel in connection with an issue of bonds (the "Series 2016 Bonds") described as follows:

> FORT BEND COUNTY, TEXAS, SENIOR LIEN TOLL ROAD REVENUE BONDS, SERIES 2016, dated February 1, 2016.
>
> The Series 2016 Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Series 2016 Bonds and a Senior Lien Toll Road Revenue Bond Trust Indenture, dated as of May 15, 2012, between the County and Wells Fargo Bank, N.A., as trustee (the "Trustee"), and amendments and supplements thereto, including a Second Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated as of December 1, 2014 and a Third Supplemental Senior Lien Toll Road Revenue Bond Trust Indenture dated as of February 1, 2016 (together, the "Indenture"), between the County and the Trustee.

THE SERIES 2016 BONDS ARE BEING ISSUED pursuant to an order adopted by the Commissioner's Court of the County on January 12 , 2016 (the "Bond Order") and the Indenture. Capitalized terms not otherwise defined herein have the meanings assigned to such terms in the Indenture.

THE INDENTURE PERMITS the issuance or incurrence of additional Bonds, Parity Notes and other Parity Obligations, subject to the restrictions contained in the Indenture, secured by liens on the Trust Estate that are on a parity with the lien securing the Series 2016 Bonds and the Outstanding Bonds.

WE HAVE REPRESENTED the County as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Series 2016 Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Series 2016 Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capability of the County or the disclosure thereof in connection with the sale of the Series 2016 Bonds. Our role in connection with the County's Official Statement prepared for use in connection with the sale of the Series 2016 Bonds has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certain proceedings pertaining to the Series 2016 Bonds, on which we have relied in giving our opinion. The transcript contains certain certified copies of certain proceedings of the County; customary certificates and other documents executed by officers, agents and representatives of the County, the Trustee and others; and other certified showings relating to the authorization and issuance of the Series 2016 Bonds. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations and published rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Series 2016 Bond No. IB-1.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION that:

(1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Series 2016 Bonds in full compliance with the Constitution and laws of the State of Texas presently in effect, and therefore, the Series 2016 Bonds constitute valid and legally binding special obligations of the County enforceable in accordance with the terms thereof and of the Bond Order and the Indenture and entitled to the benefits of the Indenture;

(2) The Bond Order has been duly adopted and the Indenture has been duly authorized, executed and delivered by the County, each is in full force and effect and constitutes a legal, valid and binding obligation of the County; and

(3) The Indenture creates a valid pledge of and lien on the Trust Estate, subject only to the provisions of the Indenture permitting the application of the Trust Estate for the purposes and on the terms and conditions set forth therein.

THE ENFORCEABILITY OF CERTAIN PROVISIONS OF THE SERIES 2016 BONDS, the Bond Order and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors. Furthermore, the availability of equitable remedies under the Series 2016 Bonds, the Bond Order and the Indenture may be limited by general principles of equity that permit the exercise of judicial discretion. The Series 2016 Bonds are payable solely from and are secured solely by a lien on and pledge of the Trust Estate. Owners of the Series 2016 Bonds shall never have the right to demand payment of the principal of or interest on the Series 2016 Bonds out of any funds raised or to be raised by taxation.

IT IS OUR FURTHER OPINION that, under existing law:

(A) Interest on the Series 2016 Bonds is excludable from gross income for federal income tax purposes; and

(B) The Series 2016 Bonds are not "private activity bonds" within the meaning of the Code, and, as such, interest on the Series 2016 Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Series 2016 Bonds will be included in the "adjusted current earnings" of a corporation (other than any S corporation, regulated investment company, REIT or REMIC) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the County, the County's financial advisor and the Underwriters with respect to matters solely within the knowledge of the County, the County's financial advisor and the Underwriters, respectively, which we have not independently verified. We have also assumed continuing compliance by the County with the covenants in the Indenture pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Series 2016 Bonds for federal income tax purposes. If such representations are determined to be inaccurate or incomplete or the County fails to comply with the foregoing provisions of the Indenture, interest on the Series 2016 Bonds could become includable in gross income from the date of 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 receipt or accrual of interest on, or acquisition, ownership or disposition of, the Series 2016 Bonds.

OWNERS OF THE SERIES 2016 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, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit 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 Series 2016 Bonds).

THE OPINIONS SET FORTH ABOVE are based on existing law, which is subject to change. Such opinions are further 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 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 as to whether or not the Service will commence an audit of the Series 2016 Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the County as the taxpayer. We observe that the County has covenanted in the Indenture 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 Series 2016 Bonds as includable in gross income for federal income tax purposes.

Very truly yours,