AGENDA ITEM

6A

FORT BEND COUNTY FY 2010
COMMISSIONERS COURT AGENDA REQUEST FORM
Return Completed Form to: Agenda Coordinator, County Judge's Office

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Date Submitted: January 6, 2010

Court Date: January 12, 2010

Submitted By: Ann Werlein
Department: County Judge
Telephone: 281-341-8634

SUMMARY OF ITEM:

County Judge: Record final transcript of the $20,780,000 Fort Bend County Texas Unlimited Tax Bond Refunding Bonds, Series 2009.

Agreement/Appointment:	YES	NO	✔
Reviewed by County Attorney's Office:	**YES**	**NO**	✔

List Supporting Documents Attached:

FINANCIAL SUMMARY:

Budgeted Item:	**YES**	**NO**	✔
Funding Source:			
Requires Auditor to Certify Funds:	**YES**	**NO**	✔

Instructions for submitting an Agenda Request:
- **Completely fill out agenda form: incomplete forms will not be processed.**
- **Agenda Request Forms may be submitted by e-mail, fax, or inter-office mail, and all information must be provided by Wednesday at 2:00 p.m. to all departments listed below.**
- **Original back-up must be received in County Judge's Office by 2:00 p.m. on Wednesday.**

DISTRIBUTION:
Original Form Submitted with back up to County Judge's Office: ☐ **(✓ when completed)**
If by E-Mail to ospindon@co.fort-bend.tx.us **If by Fax to: (281) 341-8609**
Distribute copies with back-up to all listed below. If by fax, send to the numbers below:

✔	Auditor	(281-341-3774)	✔	Comm. Pct. 1	(281-342-0587)
✔	Budget Officer	(281-344-3954)	✔	Comm. Pct. 2	(281-403-8009)
✔	Facilities/Planning	(281-633-7022)	✔	Comm. Pct. 3	(281-242-9060)
✔	Purchasing Agent	(281-341-8642)	✔	Comm. Pct. 4	(281-980-9077)
✔	Information Technology	(281-341-4526)	✔	County Clerk	(281-341-8697)
☐	Other: ______________		✔	County Atty	(281-341-4557)

Recommendation:

FORT BEND COUNTY, TEXAS

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FORT BEND COUNTY, TEXAS
UNLIMITED TAX ROAD REFUNDING BONDS
SERIES 2009

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$20,780,000

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ALLEN BOONE HUMPHRIES ROBINSON LLP
BOND COUNSEL

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$20,780,000
FORT BEND COUNTY, TEXAS
UNLIMITED TAX ROAD REFUNDING BONDS,
SERIES 2009

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FORT BEND COUNTY, TEXAS

October 6, 2009

The Honorable Thomas E. Griess, Jr.
Acting Chief, Public Finance Division
Office of The Attorney General of Texas
William P. Clements Building
300 West 15th Street, 7th Floor
Austin, Texas 78701

Comptroller of Public Accounts
Attention: Cash & Securities Management Division
Thomas Jefferson Rusk Building
208 East 10th Street, 4th Floor, Room 448
Austin, Texas 78701-2407

Re: Fort Bend County, Texas
$20,780,000 Unlimited Tax Road Refunding Bonds, Series 2009

Ladies and Gentlemen:

TO THE ATTORNEY GENERAL

The above-referenced bonds will be sent to you for approval and we enclose **one executed but undated** Signature Identification and No-Litigation Certificate. Upon approval of the bonds, you are authorized and respectfully requested to insert the date in such certificate, **which date is to be the same as your approval date.** If any litigation should develop before you have approved such bonds, we will notify you at once by telephone and telefax. With this assurance, you can rely upon the absence of litigation at the time that you approve the bonds unless we advise you to the contrary.

After you have approved the bonds, please deliver them to the Comptroller of Public Accounts of the State of Texas for registration.

TO THE COMPTROLLER

Please forward the bonds by Federal Express to Greer Pagan, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

Very truly yours,

County Judge, Fort Bend County, Texas

Enclosure

255406

SIGNATURE IDENTIFICATION AND NO-LITIGATION CERTIFICATE

We, the undersigned officers of Fort Bend County, Texas, certify that we officially signed, by facsimile signatures, on behalf of said County, the following described bonds, hereafter called the "Bonds", to wit:

> FORT BEND COUNTY, TEXAS, UNLIMITED TAX ROAD REFUNDING BONDS, SERIES 2009, dated October 15, 2009, in the principal amount of $20,780,000.

being on the date of such signing and on the date hereof the duly chosen, qualified and acting officers authorized to execute the Bonds, and holding the official titles set forth below opposite such signatures. We further certify that said facsimile signatures have been affixed to the Bonds with our full knowledge and consent, and we hereby respectively adopt the same as our own signatures.

We further certify that we have caused the official seal of the Commissioners Court to be impressed or placed in facsimile upon each of said Bonds and that said seal has been duly adopted as, and is hereby declared to be, the official seal of the Commissioners Court.

We further certify that no litigation of any nature is now pending or to our knowledge threatened, either in the State or Federal courts contesting or attacking the Bonds or restraining or enjoining their issuance, execution or delivery, or restraining or enjoining the levy and/or collection and/or pledge of the funds from which the Bonds are payable, or in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds, or affecting the title of the present officials, or the boundaries of the County, and that no proceedings or authority for the issuance, execution or delivery of the Bonds have been repealed, rescinded or revoked.

In witness whereof we have signed this certificate and delivered it as of the 27th day of October, 2009.

SIGNATURES	TITLE OF OFFICE
Robert Hebert	County Judge
Dianne Wilson	County Clerk
Jeff Council	County Treasurer

(SEAL)

THE STATE OF TEXAS §
§
COUNTY OF FORT BEND §

Before me, on the 6th day of October, 2009, personally appeared the foregoing individuals, known to me to be the officers whose true and genuine signatures were subscribed to the foregoing instruments in my presence.

ANN WERLEIN
Notary Public, State of Texas
My Commission Expires
FEBRUARY 24, 2011

Notary Public, State of Texas

(NOTARY SEAL)

FORT BEND COUNTY, TEXAS
(A political subdivision of the State of Texas)

$20,780,000
UNLIMITED TAX ROAD REFUNDING BONDS, SERIES 2009

BOND PURCHASE AGREEMENT

October 6, 2009

Honorable County Judge
and Commissioners Court
Fort Bend County, Texas
301 Jackson
Richmond, Texas 77469

Ladies and Gentlemen:

The undersigned, Morgan Keegan & Company, 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 the following agreement (this "*Agreement*") with the Commissioners Court of Fort Bend County, Texas (the "*Commissioners Court*"), acting on behalf of the Issuer, which, upon the Issuer's written acceptance of this offer, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Richmond, Texas time, on October 6, 2009, and, if not so accepted, will be subject to withdrawal by the Representative upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meaning set forth in the Bond Order (as defined herein) or in the Official Statement (as defined herein).

1. ***Purchase and Sale of the Bonds***. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's $20,780,000 Unlimited Tax Road Refunding Bonds, Series 2009 (the *"Bonds"*). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer understands, and hereby confirms, that the Underwriters are not acting as fiduciaries of the Issuer, but rather are acting solely in their capacity as underwriters for their own accounts. The Representative has been duly authorized to execute this Agreement on behalf of the Underwriters and to act hereunder.

The principal amount of the Bonds to be issued, the dated date therefor, the maturities, redemption provisions and interest rates per annum are set forth in Schedule II hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the bond order adopted by the Commissioners Court on October 6, 2009 (the *"Bond Order"*).

The purchase price for the Bonds shall be $22,831,766.29 (representing the par amount thereof, plus a net original issue premium of $2,170,147.05 and less an underwriting discount of $118,380.76) plus accrued interest on the Bonds, calculated on the basis of a 360-day year of twelve 30-day months, from the dated date of the Bonds to the date of the Closing (as defined herein).

Delivered to the Issuer herewith is the Representative's good-faith corporate check payable to the order of the Issuer in the amount of $226,650 (the "*Check*"). In the event the Issuer does not accept this offer, the Check shall be promptly returned to the Representative. Upon the Issuer's acceptance and countersignature of this offer, the Check (i) shall not be cashed or negotiated but shall be held and retained in safekeeping by the Issuer as security for the performance by the Underwriters of their obligation, subject to the terms and conditions herein set forth, to purchase and accept delivery of the Bonds at the Closing, and (ii) shall be applied and disposed of by the Issuer solely as provided in this Agreement. In the event of the Underwriters' compliance with such obligation to purchase and accept delivery of the Bonds at the Closing, the Check shall be returned to the Representative at the Closing. In the event of the failure by the Issuer to deliver the Bonds at the Closing, or if the Issuer shall be unable to satisfy the conditions to the obligation of the Underwriters contained in this Agreement, or if the obligation of the Underwriters shall be terminated for any reason permitted by this Agreement, the Check shall be returned promptly to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase and accept delivery of the Bonds at the Closing, the Issuer shall become entitled to cash or negotiate the Check, and the proceeds thereof shall be retained by the Issuer as and for fully liquidated damages for such failure and for any and all defaults on the part of the Underwriters, and (except as set forth in Sections 8 and 10 hereof) no party shall have any further rights against the other hereunder. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this offer shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters.

2. ***Public Offering***. The Underwriters agree to make a bona fide public offering of all of the Bonds at prices not to exceed the public offering prices set forth on inside front cover of the Official Statement and may subsequently change such offering prices without any requirement of prior notice. The Underwriters may offer and sell

Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated on inside front cover of the Official Statement.

3. ***The Official Statement.***

(a) The Issuer previously has delivered, by electronic means, copies of the Preliminary Official Statement dated September 28, 2009 (the "*Preliminary Official Statement*") to the Underwriters. The Issuer will prepare a final Official Statement relating to the Bonds, which will be (i) dated the date of this Agreement, (ii) complete within the meaning of the United States Securities and Exchange Commission's Rule 15c2-12, as amended (the "*Rule*"), and (iii) substantially in the form of the Preliminary Official Statement provided to the Underwriters before the execution hereof. Such final Official Statement, including the cover page thereto, all exhibits, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may be authorized for use with respect to the Bonds, is herein referred to as the "*Official Statement.*" Until the Official Statement has been prepared and is available for distribution, the Issuer shall either (i) make available to the Underwriters by electronic means or (ii) provide to the Underwriters printed copies of the Preliminary Official Statement in such quantities as the Representative shall deem necessary to satisfy the obligations 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 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 has been deemed final by the Issuer as of its date, except for the omission of such information which 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 hereby authorizes the Official Statement and the information therein contained to be used by the Underwriters in connection with the public offering and the sale of the Bonds. The Issuer consents to the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering 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 within seven (7) business days after the Issuer's acceptance of this Agreement and not later than three (3) business days prior to the Closing and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which are complete as of the date of their delivery to the Underwriters 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 Municipal Securities Rulemaking Board.

(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 a nationally recognized municipal securities information repository, 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 which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, 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 request), and if, in the opinion 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 an amendment or a supplement 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. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Representative hereby agrees to file the Official Statement with a nationally recognized municipal securities information repository or the Municipal Securities Rulemaking Board or its designee. 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.

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

(a) The Issuer is a political subdivision of the State of Texas (the *"State"*), duly created, organized and existing under the Constitution and laws of the State, including particularly Article IX of the Texas Constitution, and has full legal right, power and authority, and at the date of the Closing will have full legal right, power and authority, under the laws of the State, including particularly Article III, Section 52, of the Texas Constitution, as amended, and Chapter 1207, Texas Government Code, as amended (collectively, the "*Acts*"), (i) to enter into, execute and deliver this Agreement, the Bond Order (which shall include therein the Continuing Disclosure Undertaking (as defined in Section 6(j)(2) hereof)), the escrow agreement described in the Bond Order (the "*Escrow Agreement*") and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, the Bond Order, the Continuing Disclosure Undertaking, the Escrow Agreement and the other documents referred to in this clause (i) are hereinafter referred to as the "*Issuer Documents*"), (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, and (iii) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all respects with applicable State law (including the Acts) and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Order and the issuance and sale of the Bonds, (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 and (iii) the consummation by it of all other transactions contemplated by the Official Statement and 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 contemplated herein and in the Official Statement;

(c) The Issuer Documents will, upon the execution and delivery thereof, constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Bond Order and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Bond Order and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Bond Order 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 Bond Order;

(d) The Issuer is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds, the Issuer Documents and the adoption of the Bond Order and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, law or administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds, or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Bond Order;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the 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 such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(f) The Bonds and the Bond Order conform to the descriptions thereof contained in the Official Statement under the caption "THE BONDS"; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the subcaptions "PLAN OF FINANCING – Use of Proceeds"; and the Continuing Disclosure Undertaking conforms to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION";

(g) Except as otherwise provided in the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION – Compliance with Prior Undertakings", during the last five years the Issuer has complied in all material respects with its previous Continuing Disclosure Undertakings made by it in accordance with the Rule;

(h) 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 best knowledge of the Issuer, after due inquiry, threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of taxes pledged to the payment of principal of and interest on the Bonds pursuant to the Bond Order or in any way contesting or affecting the validity or enforceability of the Bonds, the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Order or the execution and delivery of the Issuer Documents, nor, to the best 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 the 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 3 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 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the 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 any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(l) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Bond Order and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(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 (1) to (i) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (ii) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (2) 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 in the Official Statement fairly present the financial position, results of operations and condition of the Issuer as of the dates and for the periods therein set forth, and there has been no adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Issuer since the dates of such statements and information;

(o) The Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer;

(p) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the taxes, revenues or assets which will secure the Bonds without the prior approval of the Representative;

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

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

(s) The Issuer, to the extent heretofore requested by the Representative, has delivered to the Underwriters true, correct, complete, and legible copies of all information, applications, reports, or other documents of any nature whatsoever submitted to any rating agency for the purpose of obtaining a rating for the Bond or to any municipal bond insurance company to obtain a municipal bond insurance policy on the Bonds and, in each instance, true, correct, complete, and legible copies of all correspondence or other communications relating, directly or indirectly, thereto

By delivering the Official Statement to the Representative, the Issuer shall be deemed to have reaffirmed, with respect to the Official Statement, the representations, warranties and covenants set forth above with respect to the Preliminary Official Statement.

5. ***Closing***.

(a) At or before 10:00 a.m., Richmond, Texas time, on November 3, 2009, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative (the *"Closing"*), the Issuer will, subject to the terms and conditions hereof, deliver the initial Bonds registered in the name of the Representative, in temporary form, together with the other documents hereinafter mentioned, and the Underwriters will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds, as set forth in Section 1 of this Agreement, in immediately available funds by wire transfer to the account of the Issuer as indicated by Wells Fargo Bank, N.A. Houston, Texas (the *"Paying Agent/Registrar"*). Payment for the Bonds as aforesaid shall be made at the offices of the Paying Agent/Registrar or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the definitive Bonds in exchange for the initial Bonds shall be made through The Depository Trust Company, New York, New York (*"DTC"*), utilizing the book-entry only form of issuance. The definitive Bonds shall be delivered in fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Order, and shall be made available to the Representative at least one (1) business day before Closing for the purpose of inspection.

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

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct 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 Issuer Documents and the Bonds shall be in full force and effect in the form heretofore approved by the

Representative and shall not have been amended, modified or supplemented, and the Official Statement 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 Order and (iii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and counsel to the Underwriters to deliver their respective opinions referred to hereafter;

(d) At the time of the Closing, all official action of the Issuer relating to the Bonds and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) At or prior to the Closing, the Bond Order shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered and the Paying Agent/Registrar shall have duly authenticated the definitive Bonds;

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

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

(h) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Representative;

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

(1) The Official Statement, and each supplement or amendment thereto, if any, as may have been agreed to by the Representative;

(2) A copy of the Bond Order, certified by the County Clerk as having been duly adopted and in full force and effect, with such supplements or amendments as may have been agreed to by the Representative, which shall include the undertaking of the Issuer which satisfy the requirements of section (b)(5)(i) of the Rule (the "*Continuing Disclosure Undertaking*") and the fully Executed Agreement;

(3) The opinion of Allen Boone Humphries Robinson LLP ("*Bond Counsel*"), with respect to the Bonds, in substantially the form attached to the Official Statement, addressed to the Underwriters or with a reliance letter addressed to the Underwriters;

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

(i) the Bond Order has been duly adopted and is in full force and effect;

(ii) 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 under the Trust Indenture Act; and

(iii) the statements and information describing the Bonds and the Bond Order in the Official Statement under the subsection captioned "PLAN OF FINANCING" (except for the subsection "Use of Proceeds"), "THE BONDS" (except for information under the subsection captioned "Book-Entry-Only System"), "TAX MATTERS," "OTHER INFORMATION – Registration and Qualification of Bonds for Sale," "OTHER INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas," "OTHER INFORMATION – Legal Matters" and "CONTINUING DISCLOSURE OF INFORMATION" (except for information under the subsection captioned "Compliance With Prior Undertakings") fairly and accurately describe the provisions thereof and are correct as to matters of law;

(5) An opinion, dated the date of the Closing and addressed to the Underwriters, of counsel for the Underwriters, to the effect that:

(i) the Bonds are exempted securities under the 1933 Act and 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 and the Bond Order need not be qualified under the Trust Indenture Act; and

(ii) based upon their participation in the preparation of the Official Statement as counsel for the Underwriters and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding DTC and its book-entry system, in each case as to which no view need be expressed);

(6) A certificate, dated the date of Closing, of an appropriate official of the Issuer to the effect that (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding against the Issuer is pending or, to the best of such person's knowledge, threatened in any court or administrative body, nor is there a basis for litigation, which would (a) contest the right of the commissioners, officers or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting taxes and revenues (including payments on the Issuer's bonds and other obligations) and other income or the levy or collection of the taxes pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof; (iii) all official actions of the Issuer relating to the Official Statement, the Bonds and the Issuer Documents have been duly taken by the Issuer, are in full force and effect and have not been modified, amended, supplemented or repealed; (iv) to the best of such person's knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement so that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information therein, in light of the circumstances under which made, not misleading as of the time of Closing, and the information contained in the Official Statement is correct in all respects and, as of the date thereof, the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; (v) there has been no material adverse change in the financial condition of the Issuer since September 30, 2008, the latest date as of which audited financial information is available; and (vi) the Issuer is not prohibited by its independent auditors from including the audited financial statements or excerpts of such statements in the Official Statement or incorporating such statements by reference into the Official Statement;

(7) A certificate of the Issuer, dated the date of the Closing, of an appropriate official of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriters (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" within the meaning of Section 148 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;

(8) The approving opinion of the Attorney General of the State of Texas and the registration certificate of the Comptroller of Public Accounts of the State of Texas in respect of the Bonds;

(9) Any other certificates and opinions required by the Bond Order for the issuance thereunder of the Bonds;

(10) Evidence of ratings assigned to the Bonds of "AA+" by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. and "Aa2" by Moody's Investors Service, Inc.;

(11) A copy of a special report prepared by Grant Thornton LLP, independent certified public accountants, addressed to the Issuer, Bond Counsel and the Underwriters, verifying (i) the arithmetical computations of the adequacy of the maturing principal and interest on the Federal Securities and uninvested cash on hand under the Escrow Agreement to pay, when due, the principal of and interest on the Refunded Bonds and (ii) the computation of the yield with respect to the Federal Securities and the Bonds;

(11) Evidence that moneys or Federal Securities sufficient to effectuate the refunding of the Refunded Bonds have been received by the Escrow Agent and that such moneys or Federal Securities have been deposited in escrow funds under the Escrow Agreement; and

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

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

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

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

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds or the interest on the Bonds, as described in the Official Statement;

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

(c) any state blue sky or securities commission or other governmental agency or body in any state in which more than 15% of the Bonds have been offered and 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;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either 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 officials authorized to do so, or a material disruption in securities settlement, payment or clearance services in the United States;

(e) 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;

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

(g) any event occurring, or information becoming known which, in the judgment of the Representative, makes untrue any statement of a material fact contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

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

(i) the United States shall have either become engaged in hostilities that did not exist prior to the date hereof or issued a declaration of war or a national emergency, or there shall have occurred a new material outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;

(j) any fact or event shall exist or have existed that, in the Representative's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement;

(k) there shall have occurred or notice shall have been given of any downgrading, or any credit watch or credit review shall have been issued or other notice shall have been given of any intended or potential downgrading, in the rating accorded any of the Issuer's obligations (including the rating to be accorded the Bonds);

(l) 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 of competent jurisdiction;

(m) a general banking moratorium shall have been declared by federal, New York, or Texas authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearance services shall have occurred; or

(n) the debt ceiling of the United States is such that the Federal Securities required to fund the Escrow Agreement are not available for delivery on the date of the delivery of the Bonds.

8. ***Expenses.***

(a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds; (ii) the fees and disbursements of Bond Counsel and the Issuer's Financial Advisor; (iii) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Issuer; (iv) the fees for bond ratings; (v) the costs of preparing, printing and mailing the Preliminary Official Statement and the Official Statement; (vi) the fees and expenses of the Paying Agent/Registrar, the verification agent and the escrow agent; (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; (ix) the Attorney General's review fee; and (x) any other expenses mutually agreed to by the Issuer and the Representative to be reasonably considered expenses of the Issuer which are incident to the transactions contemplated hereby.

(b) The Underwriters shall pay (i) the cost of preparation and printing of this Agreement, 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 counsel retained by the Underwriters.

9. ***Notices.*** Any notice or other communication to be given to the Issuers under this Agreement may be given by delivering the same in writing to Commissioners Court, Fort Bend County, Texas, 301 Jackson Richmond, Texas 77469, Attention: County Judge; 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 Morgan Keegan & Company, Inc., 4400 Post Oak Parkway, Suite 2670 Houston, TX 77027, Attention: Debi Jones.

10. ***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. All of the Issuer's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.

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

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

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

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

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

16. ***No Personal Liability***. None of the members of Commissioners Court, 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.

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. ***Fiduciary Duty***. The Issuer acknowledges that in connection with the offering of the Bonds (a) the Underwriters have acted at arms length, are not agents of, and owe no fiduciary duties to, the Issuer or any other person, (b) the Underwriters owe the Issuer only those duties and obligations set forth in this Agreement and (c) the Underwriters may have interests that differ from those of the Issuer.

19. ***Entire Agreement***. This Agreement, together with any contemporaneous written agreements and any prior written agreements (to the extent not superseded by this Agreement) that relate to the offering of the Bonds, represents the entire agreement between the Issuer and the Underwriters with respect to the preparation of the Official Statement, and the conduct of the offering, and the purchase and sale of the Bonds.

[*Execution Page Follows.*]

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Representative. This Agreement shall become a binding agreement between 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.

Respectfully submitted,

MORGAN KEEGAN & COMPANY, INC.
Individually and as Representative of the Underwriters

By: ______________________
Name: Deborah Jones
Title: Managing Director

ACCEPTED AND AGREED TO as of 6th October 2009, 2:00 (a.m./p.m.).

COMMISSIONERS COURT OF FORT BEND COUNTY, TEXAS, acting on behalf of Fort Bend County, Texas

By: ______________________
County Judge

ATTEST:

By: ______________________
County Clerk

Schedule I - List of Underwriters
Schedule II - Schedule of Terms

Execution Page

HOU:2961690.1

SCHEDULE I

List of Underwriters

Morgan Keegan & Company, Inc.
Siebert Brandford Shank & Co., LLC

SCHEDULE II

$20,780,000 Unlimited Tax Road Refunding Bonds
Series 2009

Interest Accrues From: October 15, 2009

Maturity Date (3/1)	Principal[a] Amount	Interest Rate	Initial Yield
2011	$2,020,000	4.000%	0.850%
2012	1,985,000	3.000	1.170
2013	1,950,000	4.000	1.490
2014	1,925,000	4.000	1.790
2015	1,905,000	4.000	2.050
2016	1,880,000	4.000	2.280
2017	1,850,000	4.000	2.490
2018	1,835,000	5.000	2.700
2019	1,820,000	5.000	2.870
2020	1,810,000	5.000	3.020
2021	1,800,000	5.000	3.120

(a) The County reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2019 in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2018, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

3

GENERAL CERTIFICATE

THE STATE OF TEXAS	§	
	§	
COUNTY OF FORT BEND	§	

We, the undersigned, County Judge and County Clerk of Fort Bend County, Texas (the "County"), do hereby make and execute this certificate for the benefit of the Attorney General of the State of Texas and all other persons interested in the County's $20,780,000 Unlimited Tax Road Refunding Bonds, Series 2009, dated October 15, 2009, now in the process of being issued. We certify the following, to wit:

1. The following named persons are duly selected, or appointed, qualified and acting officers of the County:

Robert Hebert	County Judge
Richard Morrison	Commissioner – Precinct 1
Grady Prestage	Commissioner – Precinct 2
Andy Meyers	Commissioner – Precinct 3
James Patterson	Commissioner – Precinct 4
Ed Sturdivant	County Auditor
Jeff Council	County Treasurer
Roy Cordes, Jr.	County Attorney

2. A true and correct copy of the Debt Service Schedule for the Bonds now in process of issuance is attached hereto as Exhibit "A."

3. The total amount of all outstanding bonded indebtedness of the County payable from an unlimited pledge of ad valorem taxes is $259,190,000 (road bonds and toll road bonds), which includes the Bonds in process of issuance.

4. The 2009 certified taxable valuation of the County is $39,476,385,295.

5. The maximum maturity permitted for the Bonds is 30 years. The Bonds mature in less than 30 years from their date of issuance.

6. The total amount of all outstanding bonded indebtedness issued pursuant to Article III, Section 52 of the Texas Constitution, within Fort Bend County, payable from ad valorem taxes is $259,190,000. The 2009 certified valuation of taxable real property in the County is $39,476,385,295. The ratio of County Article III Section 52 debt attributable is 0.66%.

7. The total amount of all outstanding bonded indebtedness of the Fort Bend Parkway Road District (a County Road District) (the "Road District") issued pursuant to Article III, Section 52 of the Texas Constitution payable from ad valorem taxes is $170,000. The 2009 certified valuation of taxable real property in the Road District is $352,103,907. The amount of County Article III, Section 52 debt attributable to the territory within the Road District is 100% or $2,311,807. Therefore, the total combined amount of Article III, Section 52 debt attributable to the Road District is $2,481,807, making the ratio of debt to assessed real property valuation 0.70%.

8. The total amount of all outstanding bonded indebtedness of the Fort Bend County Levee Improvement District No. 15 ("LID 15") issued pursuant to Article III, Section 52 of the Texas Constitution payable from ad valorem taxes is $6,200,000. The 2009 certified valuation of taxable real property in the LID 15 is $222,074,900. The amount of County Article III Section 52 debt attributable to the territory within LID 15 is 100% or $1,458,077. Therefore, the total combined amount of Article III, Section 52 debt attributable to the LID 15 is $7,658,077, making the ratio of debt to assessed real property valuation 3.45%.

9. The total amount of all outstanding bonded indebtedness of the Fort Bend County Municipal Utility District No. 167 ("MUD 167") issued pursuant to Article III, Section 52 of the Texas Constitution payable from ad valorem taxes is $7,000,000. The 2009 certified valuation of taxable real property in the MUD 167 is $114,371,000. The amount of County Article III Section 52 debt attributable to the territory within MUD 167 is 100% or $750,925. Therefore, the total combined amount of Article III, Section 52 debt attributable to the MUD 167 is $7,750,925, making the ratio of debt to assessed real property valuation 6.78%.

10. The total amount of all outstanding bonded indebtedness of the Cinco Southwest Municipal Utility District No. 4 ("MUD 4") issued pursuant to Article III, Section 52 of the Texas Constitution payable from ad valorem taxes is $1,850,000. The 2009 certified valuation of taxable real property in the MUD 4 is $64,583,200. The amount of County Article III Section 52 debt attributable to the territory within MUD 4 is 100% or $424,034. Therefore, the total combined amount of Article III, Section 52 debt attributable to the MUD 4 is $2,274,034, making the ratio of debt to assessed real property valuation 3.52%.

11. The total amount of all outstanding bonded indebtedness of the Cinco Southwest Municipal Utility District No. 2 ("MUD 2") issued pursuant to Article III, Section 52 of the Texas Constitution payable from ad valorem taxes is $5,575,000. The 2009 certified valuation of taxable real property in the MUD 2 is $345,641,261. The amount of County Article III Section 52 debt attributable to the territory within MUD 2 is 100% or $2,269,376. Therefore, the total combined amount of Article III, Section 52

debt attributable to the MUD 2 is $7,844,376, making the ratio of debt to assessed real property valuation 2.27%.

12. The total amount of all outstanding bonded indebtedness of the Sienna Plantation Management District ("Sienna") issued pursuant to Article III, Section 52 of the Texas Constitution payable from ad valorem taxes is $2,330,000. The 2009 certified valuation of taxable real property in the Sienna is $70,446,400. The amount of County Article III Section 52 debt attributable to the territory within Sienna is 100% or $462,530. Therefore, the total combined amount of Article III, Section 52 debt attributable to the Sienna is $2,792,530, making the ratio of debt to assessed real property valuation 3.96%.

13. The County Treasurer will serve as the sole custodian of the Bond proceeds and the taxes collected to pay the principal and interest on the bonds will perform all such duties in accordance with the provisions of Sections 1471.024 and 1471.025, Texas Government Code, as amended.

[SIGNATURE PAGE FOLLOWS]

WITNESS OUR HANDS AND THE OFFICIAL SEAL OF THE CITY, THIS 6th day of October, 2009.

County Judge
Fort Bend County, Texas

County Clerk
Fort Bend County, Texas

(SEAL)

EXHIBIT "A"

Debt Service Schedule

FINAL AND VERIFIED NUMBERS

$20,780,000

Fort Bend County, Texas

Unlimited Tax Road Refunding Bonds, Series 2009

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/03/2009	-	-	-	-	-
03/01/2010	-	-	333,955.56	333,955.56	-
09/01/2010	-	-	442,000.00	442,000.00	-
09/30/2010	-	-	-	-	775,955.56
03/01/2011	2,020,000.00	4.000%	442,000.00	2,462,000.00	-
09/01/2011	-	-	401,600.00	401,600.00	-
09/30/2011	-	-	-	-	2,863,600.00
03/01/2012	1,985,000.00	3.000%	401,600.00	2,386,600.00	-
09/01/2012	-	-	371,825.00	371,825.00	-
09/30/2012	-	-	-	-	2,758,425.00
03/01/2013	1,950,000.00	4.000%	371,825.00	2,321,825.00	-
09/01/2013	-	-	332,825.00	332,825.00	-
09/30/2013	-	-	-	-	2,654,650.00
03/01/2014	1,925,000.00	4.000%	332,825.00	2,257,825.00	-
09/01/2014	-	-	294,325.00	294,325.00	-
09/30/2014	-	-	-	-	2,552,150.00
03/01/2015	1,905,000.00	4.000%	294,325.00	2,199,325.00	-
09/01/2015	-	-	256,225.00	256,225.00	-
09/30/2015	-	-	-	-	2,455,550.00
03/01/2016	1,880,000.00	4.000%	256,225.00	2,136,225.00	-
09/01/2016	-	-	218,625.00	218,625.00	-
09/30/2016	-	-	-	-	2,354,850.00
03/01/2017	1,850,000.00	4.000%	218,625.00	2,068,625.00	-
09/01/2017	-	-	181,625.00	181,625.00	-
09/30/2017	-	-	-	-	2,250,250.00
03/01/2018	1,835,000.00	5.000%	181,625.00	2,016,625.00	-
09/01/2018	-	-	135,750.00	135,750.00	-
09/30/2018	-	-	-	-	2,152,375.00
03/01/2019	1,820,000.00	5.000%	135,750.00	1,955,750.00	-
09/01/2019	-	-	90,250.00	90,250.00	-
09/30/2019	-	-	-	-	2,046,000.00
03/01/2020	1,810,000.00	5.000%	90,250.00	1,900,250.00	-
09/01/2020	-	-	45,000.00	45,000.00	-
09/30/2020	-	-	-	-	1,945,250.00
03/01/2021	1,800,000.00	5.000%	45,000.00	1,845,000.00	-
09/30/2021	-	-	-	-	1,845,000.00
Total	**$20,780,000.00**	-	**$5,874,055.56**	**$26,654,055.56**	-

Yield Statistics

Accrued Interest from 10/15/2009 to 11/03/2009	44,200.00
Bond Year Dollars	$130,105.22
Average Life	6.261 Years
Average Coupon	4.5148499%
Net Interest Cost (NIC)	2.9378446%
True Interest Cost (TIC)	2.7352735%
Bond Yield for Arbitrage Purposes	2.4576095%
All Inclusive Cost (AIC)	2.8178304%

IRS Form 8038

Net Interest Cost	2.5044567%
Weighted Average Maturity	6.367 Years

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4

PRELIMINARY OFFICIAL STATEMENT

Dated September 28, 2009

(See "CONTINUING DISCLOSURE OF INFORMATION" herein)

NEW ISSUE - Book-Entry-Only

Ratings:
Moody's: Applied For
S&P: Applied For
See ("OTHER INFORMATION - RATINGS" herein)

Interest on the Bonds is not includable in the alternative minimum taxable income of individuals or corporations, except for certain alternative minimum tax consequences for corporations. See "TAX MATTERS" for a discussion of Bond Counsel's opinion.

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

$22,665,000*
FORT BEND COUNTY, TEXAS
UNLIMITED TAX ROAD REFUNDING BONDS, SERIES 2009

Dated Date: October 15, 2009 **Due: March 1, as shown on inside cover**

PAYMENT TERMS . . . Interest on the $22,665,000* Fort Bend County, Texas, Unlimited Tax Road Refunding Bonds, Series 2009 (the "Bonds") will accrue from October 15, 2009 (the "Dated Date") and will be payable March 1 and September 1 of each year, commencing March 1, 2010, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. 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 owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar 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 Paying Agent/Registrar is Wells Fargo Bank, N.A., Houston, Texas (see "THE BONDS - PAYING AGENT/REGISTRAR").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") including particularly Chapter 1207, Texas Government Code, , as amended, and are direct obligations of Fort Bend County, Texas (the "County"), payable from a continuing ad valorem tax levied on all taxable property within the County, without legal limit as to rate or amount, as provided in the order authorizing the Bonds (the "Order") (see "THE BONDS - AUTHORITY FOR ISSUANCE").

PURPOSE . . . Proceeds from the sale of the Bonds will be used (i) to advance refund and defease certain obligations of the County described in Schedule I (the "Refunded Bonds"), and (ii) to pay the costs of issuance of the Bonds.

SEE MATURITY SCHEDULE ON THE INSIDE COVER

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2019*, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2018*, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - OPTIONAL REDEMPTION").

MANDATORY SINKING FUND REDEMPTION . . . In addition to the foregoing optional redemption provision, if principal amounts designated in the serial maturity schedule on the inside cover hereof are combined to create Term Bonds, each such Term Bond shall be subject to mandatory sinking fund redemption commencing on March 1 of the first year which has been combined to form such Term Bond and continuing on March 1 in each year thereafter until the stated maturity date of that Term Bond, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the serial maturity schedule above. Term Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from and among the Term Bonds then subject to redemption. The County, at its option, may credit against any mandatory sinking fund redemption requirement Term Bonds of the maturity then subject to redemption which have been purchased and canceled by the County or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the underwriters and subject to the approving opinion of the Attorney General of Texas and the legal opinion of Allen Boon Humphries Robinson LLP, Bond Counsel, Houston, Texas (see APPENDIX C, "FORM OF BOND COUNSEL'S OPINION"). Certain legal matters will be passed upon for the Underwriters by Andrews Kurth LLP, Underwriters' Counsel, Houston, Texas.

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on November 3, 2009.

MORGAN KEEGAN & COMPANY, INC. **SIEBERT BRANDFORD SHANK & CO., LLC**

* Preliminary; subject to change.

MATURITY SCHEDULE*

Principal	Maturity Mar 1	Rate	Yield (1)	CUSIP Numbers (2)	Principal	Maturity Mar 1	Rate	Yield (1)	CUSIP Numbers (2)
$ 2,280,000	2011	%	%		2,010,000	2017	%	%	
2,230,000	2012				1,975,000	2018			
2,175,000	2013				1,945,000	2019 (3)			
2,125,000	2014				1,915,000	2020 (3)			
2,085,000	2015				1,880,000	2021 (3)			
2,045,000	2016								

\$_________ ______% TERM BONDS DUE __________ (3)(4) PRICED TO YIELD (1) ____% CUSIP (2)

(Accrued Interest from October 15, 2009 to be added)

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

(2) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, A Division of the McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the County, the Financial Advisor, nor the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

(3) The County reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2019*, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2018*, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - OPTIONAL REDEMPTION").

(4) Subject to mandatory sinking fund redemption in the year and in the amount set forth herein under the caption "THE BONDS – MANDATORY SINKING FUND REDEMPTION."

* Preliminary; subject to change.

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document as the same may be supplemented or corrected by the County from time-to-time, may be treated as an OFFICIAL STATEMENT with respect to the Bonds described herein "deemed final" by the County as of the date hereof (or of any such supplement or correction) except for the omission of no more than the information provided by subsection (b)(1) of Rule 15c2-12.

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act 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 registration or qualification of the Bonds under the securities laws of any other 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 will not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdictions.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the County and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or other matters described.

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 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.

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 or from the Financial Advisor to the County.

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

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after such Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE 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.

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY AND IS NOT INTENDED AS A SUMMARY OF THIS OFFERING. INVESTORS SHOULD READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE ATTACHED APPENDICES, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

NEITHER THE COUNTY, NOR THE FINANCIAL ADVISOR NOR THE UNDERWRITERS NOR BOND COUNSEL, NOR UNDERWRITERS' COUNSEL MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING DTC OR ITS BOOK-ENTRY-ONLY SYSTEM.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement. Certain defined terms used in this summary are defined elsewhere in this Official Statement.

THE COUNTY .... The County is a political subdivision of the State, 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 BONDS .... The Bonds are issued as $22,665,000* Fort Bend County, Texas Unlimited Tax Road Refunding Bonds, Series 2009. The Bonds are issued as serial bonds maturing March 1, 2011 through March 1, 2021, unless the Underwriters designate one or more maturities as a Term Bond (see "THE BONDS - DESCRIPTION OF THE BONDS").

PAYMENT OF INTEREST .... Interest on the Bonds accrues from October 15, 2009, and is payable March 1, 2010, and each September 1 and March 1 thereafter until maturity or prior redemption (see "THE BONDS - DESCRIPTION OF THE BONDS" and "THE BONDS - OPTIONAL REDEMPTION").

AUTHORITY FOR ISSUANCE.......... The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") including particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of Fort Bend County, Texas (the "County"), payable from a continuing ad valorem tax levied on all taxable property within the County, without legal limit as to rate or amount, as provided in the order authorizing the Bonds (the "Order") (see "THE BONDS - AUTHORITY FOR ISSUANCE").

SECURITY FOR THE BONDS .... The Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax, without legal limit as to rate or amount, on all taxable property located within the County (see "THE BONDS - SECURITY AND SOURCE OF PAYMENT").

REDEMPTION .... The County reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2019*, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2018*, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS—Optional Redemption"). Additionally, the Bonds may be subject to mandatory redemption in the event the underwriter elects to aggregate one or more maturities as a Term Bond (see "THE BONDS - MANDATORY SINKING FUND REDEMPTION").

TAX EXEMPTION .... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law and interest on the Bonds is not included in the alternative minimum tax on individuals and, except as described herein, corporations. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel.

USE OF PROCEEDS .... Proceeds from the sale of the Bonds will be used (i) to advance refund and defease certain obligations of the County described in Schedule I (the "Refunded Bonds"), and (ii) to pay the costs of issuance of the Bonds.

RATINGS .... The presently outstanding tax supported debt of the County is rated "Aa2" by Moody's Investors Service, Inc. ("Moody's") and "AA+" by Standard & Poor's Ratings Services, A Division of The McGraw-Hill Companies, Inc. ("S&P") without regard to credit enhancement. Applications for contract ratings on the Bonds have been made to Moody's and S&P (see "OTHER INFORMATION - RATINGS").

BOOK-ENTRY-ONLY SYSTEM .... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of 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, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar 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") .

PAYMENT RECORD .... The County has never defaulted in payment of its general obligation tax debt.

* Preliminary; subject to change.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ending	Estimated County Population[(1)]	Taxable Assessed Valuation[(2)]	Per Capita Taxable Assessed Valuation	General Obligation ("G.O.") Tax Debt	Per Capita G.O. Tax Debt	Ratio Tax Debt to Taxable Assessed Valuation	Percent Of Total Tax Collections[(4)]	Tax Year
2005	435,160	$ 23,430,077,530	$ 53,842	$205,710,000	$ 473	0.88%	99.74%	2004
2006	435,160	26,049,121,823	59,861	230,080,000	529	0.88%	99.78%	2005
2007	501,974	28,933,750,694	57,640	375,765,000	749	1.30%	99.67%	2006
2008	501,974	33,393,702,935	66,525	367,690,000	732	1.10%	99.18%	2007
2009	528,392	38,166,425,554	72,231	479,050,000	907	1.26%	97.11% [(5)]	2008
2010	547,876	39,476,385,295	72,054	469,185,000 [(3)]	856 [(3)]	1.19% [(3)]	[(6)]	2009

(1) Source: Fort Bend Economic Development Council.
(2) As reported by the Fort Bend Central Appraisal District, subject to change during the ensuing year.
(3) Projected, includes the Bonds and excludes the Refunded Bonds. Preliminary, subject to change.
(4) As of July 31, 2009 for each respective year's levy.
(5) Collections as of March 31, 2009.
(6) In process of collection.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	Fiscal Year Ended September 30,				
	2008	2007	2006	2005	2004
Beginning Balance	$ 35,701,557	$ 36,839,696	$ 29,387,788	$ 29,594,905	$ 38,190,055
Total Revenue	178,619,780	154,532,126	140,059,393	127,438,871	112,058,605
Total Expenditures	167,430,805	147,075,383	125,726,125	116,298,500	112,372,891
Transfer In (Out)	(8,145,190)	(8,594,882)	(6,881,360)	(11,347,488)	(8,280,864)
Ending Balance	$ 38,745,342	$ 35,701,557	$ 36,839,696	$ 29,387,788	$ 29,594,905

Source: County's audited financial statements.

For additional information regarding the County, please contact:

Ed Sturdivant
Fort Bend County Auditor
309 S. Fourth St. Suite 533
Richmond, TX 77469
(281) 341-3760

or

Joe Morrow
First Southwest Company
1021 Main Street, Suite 2200
Houston, Texas 77002
(713) 654-8690

COUNTY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Commissioners Court	Position	Length of Service	Term Expires December 31
Robert Hebert	County Judge	6 Years	2010
Richard Morrison	Commissioner - Precinct 1	9 Months[(1)]	2012
Grady Prestage	Commissioner - Precinct 2	17 Years	2010
Andy Meyers	Commissioner - Precinct 3	11 Years	2012
James Patterson	Commissioner - Precinct 4	9 Years	2010

(1) Elected November 4, 2008

OTHER ELECTED AND APPOINTED OFFICIALS

Name	Position	Length of Service to County
Ed Sturdivant	County Auditor	6 Years
Jeff Council	County Treasurer	2 Years
Patsy Schultz	Tax Assessor/Collector	2 Years
Roy Cordes, Jr.	County Attorney	2 Years

CONSULTANTS AND ADVISORS

Auditor .... Null-Lairson P.C.
Houston, Texas

Bond Counsel .... *Allen Boone Humphries Robinson LLP*
Houston, Texas

Financial Advisor .... First Southwest Company
Houston, Texas

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

$22,665,000*
FORT BEND COUNTY, TEXAS
UNLIMITED TAX ROAD REFUNDING BONDS, SERIES 2009

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $22,665,000* Fort Bend County, Texas, Unlimited Tax Road Refunding Bonds, Series 2009 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the order to be adopted on the date of sale of the Bonds which will authorize the issuance of the Bonds (the "Order"), except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Bonds and certain information regarding the County and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the County's Financial Advisor, First Southwest Company, Houston, Texas.

DESCRIPTION OF THE COUNTY

The County was organized in 1838 and operates as specified under the Constitution of the State of Texas and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical Commissioners Precincts. The County Judge is elected for a term of four years and the Commissioners for four year staggered terms. Other County elected officers include the County Clerk, County Attorney, County Tax Assessor/Collector and County Treasurer. The County Auditor is appointed for a term of two years by and serves at the will of the State District Judges whose courts are located in Fort Bend County, Texas. The 2000 Census population for the County was 354,452, an increase of 57% over the 1990 population of 225,421. The County covers approximately 886 square miles located in the greater Houston metropolitan area. The City of Richmond is the County Seat.

PLAN OF FINANCING

PURPOSE . . . The Bonds are being issued for the purpose of advance refunding and defeasing $22,550,000* of the County's Unlimited Tax Road Bonds, Series 2001 (the "Refunded Bonds"), in order to lower the overall annual debt service requirements of the County, and to pay the costs of issuance of the Bonds. See Schedule I for a detailed listing of the Refunded Bonds and their respective call dates at par.

REFUNDED BONDS . . . The principal and interest due on the Refunded Bonds are to be paid on the scheduled interest payment dates and the respective redemption dates of such Refunded Bonds, from funds to be deposited pursuant to a certain Escrow Agreement (the "Escrow Agreement") between the County and Wells Fargo Bank, N.A., Houston, Texas (the "Escrow Agent"). The Order provides that from the proceeds of the sale of the Bonds received from the Underwriters, the County will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds on their respective redemption dates. Such funds will be held by the Escrow Agent in a special escrow account (the "Escrow Fund") and used to purchase direct obligations of the United States of America (the "Federal Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds.

Grant Thornton LLP, a nationally recognized accounting firm, will verify at the time of delivery of the Bonds to the Underwriter(s) thereof the mathematical accuracy of the schedules that demonstrate the Federal Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds. **Such maturing principal of and interest on the Federal Securities will not be available to pay the Bonds** (see "OTHER INFORMATION - VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS").

By the deposit of the Federal Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreement, the County will have effected the defeasance of all of the Refunded Bonds in accordance with the law. It is the opinion of Bond Counsel that as a result of such defeasance and in reliance upon the report of Grant Thornton LLP, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Federal Securities and any cash held for such purpose by the Escrow Agent and such Refunded Bonds will not be deemed as being outstanding obligations of the County payable from taxes nor for the purpose of applying any limitation on the issuance of debt.

The County has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Bonds, if for any reason, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund be insufficient to make such payment.

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* Preliminary; subject to change.

USE OF PROCEEDS . . . The proceeds from the sale of the Bonds will be applied approximately as follows:

Deposit to Escrow Fund	$
Deposit to Interest and Sinking Fund	
Original Issue Discount	
Underwriter's Discount	
Costs of Issuance	
Total Uses of Funds	$

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds are dated October 15, 2009 and mature, or are subject to redemption prior to maturity, on March 1 in each of the years and in the amounts shown on the inside cover page hereof. Interest will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on March 1 and September 1, commencing March 1, 2010. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and 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. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

AUTHORITY FOR ISSUANCE

The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") including particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of Fort Bend County, Texas (the "County"), payable from a continuing ad valorem tax levied on all taxable property within the County, without legal limit as to rate or amount, as provided in the order authorizing the Bonds (the "Order") (see "THE BONDS - AUTHORITY FOR ISSUANCE").

SECURITY AND SOURCES OF PAYMENT

All taxable property within the County is subject to a continuing direct annual ad valorem tax levied by the County sufficient to provide for the payment of principal of and interest on all obligations payable in whole or in part from ad valorem taxes, without legal limit as to rate or amount.

TAX RATE LIMITATION

General Operations; Limited Tax Bonds, Time Warrants, Certificates of Obligation and Contractual Obligations . . . Texas Constitution (Article VIII, Section 9) imposes a tax rate limitation of $0.80 per $100 assessed valuation for all purposes of General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, including debt service of bonds, warrants or certificates of obligation issued against such funds. The Attorney General of Texas will not approve limited tax bonds in an amount which produces debt service requirements exceeding that which can be paid from $0.40 of the foregoing $0.80 maximum tax rate calculated at 90% collection.

Unlimited Tax Road Bonds . . . Unlimited tax rate authorized for debt service pursuant to Article III, Section 52 of Texas Constitution. The Bonds are unlimited tax obligations.

Road Maintenance (Special Road and Bridge Tax) . . . Imposed pursuant to Texas Constitution (Article VIII, Section 9), $0.15 per $100 Assessed Valuation, no part of which may be used for debt service.

Farm-to-Market and Flood Control Purposes . . . Imposed pursuant to Texas Constitution (Article VIII, Section 1-a), $0.30 per $100 assessed valuation after exemption of homesteads up to $3,000; no allocation prescribed by statute between debt service and maintenance.

OPTIONAL REDEMPTION

The County reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2019*, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2018*, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the County may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

* Preliminary; subject to change.

MANDATORY SINKING FUND REDEMPTION

In addition to the foregoing optional redemption provision, if principal amounts designated in the serial maturity schedule on page two are combined to create Term Bonds, each such Term Bond shall be subject to mandatory sinking fund redemption commencing on March 1 of the first year which has been combined to form such Term Bond and continuing on March 1 in each year thereafter until the stated maturity date of that Term Bond, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the serial maturity schedule above. Term Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from and among the Term Bonds then subject to redemption. The County, at its option, may credit against any mandatory sinking fund redemption requirement Term Bonds of the maturity then subject to redemption which have been purchased and canceled by the County or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

NOTICE OF REDEMPTION

Not less than 30 days prior to a redemption date for the Bonds, the County shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

DEFEASANCE

The Order provides that the County may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the County payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the County adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the County adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to the investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the County to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the County: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. Provided, however, the County has reserved the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the County: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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 accredited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The County and the Underwriters believe the source of such information to be reliable, but takes no 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 Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond will be issued for each maturity of the Bonds in the aggregate principal amount of each 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 Bonds. 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 corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

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 Bonds ("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, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in the 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 effect 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 Participant to whose account such Bonds are credited, which may or may not be the Beneficial Owners. The 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Bonds will be made to 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 Paying Agent/Registrar on payable dates 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 in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to DTC is the responsibility of the County, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to County or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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 Resolution will be given only to DTC.

Information concerning DTC and the Book-Entry Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the County or the Purchasers.

EFFECT OF TERMINATION OF BOOK-ENTRY ONLY SYSTEM In the event that the Book-Entry Only System is discontinued by DTC or the use of the Book-Entry Only System is discontinued by the County, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Resolution and summarized under "THE BONDS - TRANSFER, EXCHANGE AND REGISTRATION" below.

PAYING AGENT/REGISTRAR

The initial Paying Agent/Registrar is Wells Fargo Bank, N.A., Houston, Texas. In the Order, the County retains the right to replace the Paying Agent/Registrar. The County covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the County agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

RECORD DATE FOR INTEREST PAYMENT

The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15th day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, 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 ("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 Holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

BONDHOLDERS' REMEDIES

The Order does not specify events of default with respect to the Bonds. If the County defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set for in the Order, the registered owners may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or the covenants included in the Order and the County's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Order does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the County to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in Tooke v. City of Mexia 197 S.W.3rd 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the County's sovereign immunity from a suit for money damages, bondholders may not be able to bring such a suit against the County for a default on the Bonds or breach of the Order covenants. Even if a judgment against the County could be obtained, it could not be enforced by direct levy and execution against the County's property. Further, the registered owners cannot themselves foreclose on property within the County or sell property within the County to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the County is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

TAX INFORMATION

AD VALOREM TAX LAW

The appraisal of property within the County is the responsibility of the Fort Bend Central Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Texas Property Tax Code (the "Property Tax Code") to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the less of (1) the market value of the property, or (2) the sum of (a) 10% of the appraised value of the property for the last year in which the property was appraised for taxation times the number of years since the property was last appraised, plus (b) the appraised value of the property for the last year in which the property was appraised plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The County may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the County by petition filed with the Appraisal Review Board.

Reference is made to the Property Tax Code, for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the Texas Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant: (1) An exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision; (2) An exemption of up to 20% of the market value of residence homesteads. The minimum exemption under this provision is $5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000.

Effective January 1, 2004, under Article VIII and State law, the governing body of a county, municipality or junior college district, may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferable to a different residence homestead and to a surviving spouse living in such homestead who is disabled or is at least 55 years of age. If improvements (other than maintenance or repairs) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repeated or rescinded.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

Article VIII, section 1-n of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." "Goods-intransit" is defined by a provision of the Tax Code, which is effective for tax years 2008 and thereafter, as personal property acquired or imported into Texas and transported to another location in the State or outside of the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. The Tax Code provision permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. A taxpayer may receive only one of the freeport exemptions or the goods-in-transit exemptions for items of personal property. The County has not elected to tax goods-in-transit.

The County may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The County in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE

By each September 1 or as soon thereafter as practicable, the Commissioners Court adopts a tax rate per $100 taxable value for the current year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code, the County must annually calculate and publicize its "effective tax rate" and "rollback tax rate". The Commissioners Court may not adopt a tax rate that exceeds the prior year's levy until it has held a public hearing on the proposed increase following notice to the taxpayers and otherwise complied with the Property Tax Code. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the County by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

PROPERTY ASSESSMENT AND TAX PAYMENT

Property within the County is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST

Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6 %	1 %	7 %
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, a 15% attorney's collection fee is added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the County's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

COUNTY APPLICATION OF TAX CODE

The County grants an exemption to the market value of the residence homestead of persons over 65 years of age or disabled of $100,000.

The County has granted an additional exemption of 20% of the market value of residence homesteads.

See TABLE 1 for a listing of the amounts of the exemptions described above.

The County has not adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004.

Ad valorem taxes are not levied by the County against the exempt value of residence homesteads for the payment of debt.

The County does not tax nonbusiness personal property; and the County collects its own taxes.

The County does not permit split payments, and discounts are not allowed.

The County does tax freeport property.

The County does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

TAX ABATEMENT POLICY

The County has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. The value of property subject to abatement is shown in Table 1.

TAX INCREMENT REINVESTMENT ZONE

A municipality in the County may establish a tax increment reinvestment zone ("TIRZ") within a defined area of such municipality. In 2005, the Texas Legislature authorized Texas counties to create a TIRZ within a defined area of the county. The cost of certain public improvements in a TIRZ may be financed or repaid by contribution of future tax revenues from incremental increases in property values in the TIRZ. The County may contribute all or a portion of its tax revenue on such increase in value to a special tax increment fund created by the municipality. The County has agreed to participate in TIRZs in the past and may continue to do so in the future. Increment revenue derived from the participation of the County in a TIRZ will not be available for payment on the Bonds.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2009/2010 Certified Appraised Value by Fort Bend Central Appraisal District (excluding totally exempt property)		$ 48,699,224,072
Less Exemptions/Reductions at 100% Market Value:		
Residential Homestead Exemptions	$ 4,828,176,121	
Over 65 Exemptions	1,561,270,065	
Disabled & Deceased Veteran's Exemptions	252,571,419	
Lease Vehicle Exemption	202,944,794	
Abatements	265,541,802	
Productivity Loss	2,477,701,638	
Pollution	452,166,010	
House Bill 366	224,660	
Historical	13,131,881	
Community Housing Development	16,775,960	
Prorated Exempt Property	6,531,424	
10% Homestead Cap Adjustment	216,733,153	10,293,768,927
Taxable Assessed Valuation		$ 38,405,455,145
Value Still Subject to Appraisal Review Board Hearing	1,427,906,867	
County Estimate of Taxable Value after Appraisal Review Board Hearing Process		1,070,930,150
2009/2010 Taxable Assessed Valuation		$ 39,476,385,295
County Funded Debt Payable from Ad Valorem Taxes (as of September 1, 2009)		
Limited Tax Bonds	$ 207,700,000	
Unlimited Tax Road Bonds[(1)]	125,185,000	
Unlimited Tax Toll Road Bonds[(2)]	135,890,000	
Fort Bend Flood Control Water Supply Corp. Revenue Bonds	10,390,000	
County Funded Debt Payable from Ad Valorem Taxes		$ 479,165,000
Ratio Tax Supported Gross Debt to Taxable Assessed Valuation		1.25%

2010 Population Estimate - 547,876 [(3)]
Per Capita Taxable Assessed Valuation - $70,099
Per Capita Tax Debt - $875

(1) Projected, includes the Bonds and excludes the Refunded Bonds. Preliminary, subject to change.
(2) See "DEBT INFORMATION – FORT BEND COUNTY TOLL ROAD BONDS" herein.
(3) Source: Greater Fort Bend Economic Development Council, 2009.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Tax Year					
	2009		2008		2007	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 29,649,115,219	60.88%	$ 29,605,113,157	62.03%	$ 26,115,748,720	62.80%
Real, Residential, Multi-Family	953,747,851	1.96%	877,235,375	1.84%	724,293,461	1.74%
Real, Vacant Lots/Tracts	1,129,570,008	2.32%	1,050,544,148	2.20%	910,075,971	2.19%
Real, Acreage (Land Only)	2,745,455,296	5.64%	2,336,536,864	4.90%	1,756,329,283	4.22%
Real, Farm and Ranch Improvements	330,298,802	0.68%	331,891,468	0.70%	298,719,827	0.72%
Real, Commercial and Industrial	7,798,910,271	16.01%	7,531,375,339	15.78%	6,044,780,775	14.53%
Real, Oil, Gas & Other Mineral Reserves	288,530,290	0.59%	460,175,930	0.96%	488,114,480	1.17%
Real and Tangible Personal, Utilities	710,328,240	1.46%	734,542,285	1.54%	684,656,436	1.65%
Tangible Personal, Commercial and Industrial	3,955,067,370	8.12%	3,489,855,167	7.31%	3,276,307,319	7.88%
Tangible Personal, Other	65,665,620	0.13%	67,397,752	0.14%	75,124,355	0.18%
Real, Inventory	1,001,220,160	2.06%	1,162,041,500	2.43%	1,113,971,927	2.68%
Special Inventory	61,578,930	0.13%	72,838,120	0.15%	70,754,490	0.17%
Intangible Property and/or Uncertified Property	9,736,015	0.02%	7,596,006	0.02%	30,009,237	0.07%
New Exempt Property	-	0.00%	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	$ 48,699,224,072	100.00%	$ 47,727,143,111	100.00%	$ 41,588,886,281	100.00%
Less: Total Exemptions/Reductions	10,293,768,927		9,560,717,557		8,195,183,346	
Plus: County Estimate of ARB Hearing Addition	1,070,930,150 (1)		-		-	
Taxable Assessed Value	$ 39,476,385,295		$ 38,166,425,554		$ 33,393,702,935	

	Tax Year			
	2006		2005	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 23,347,791,025	64.67%	$ 21,196,909,564	65.17%
Real, Residential, Multi-Family	624,746,015	1.73%	550,142,145	1.69%
Real, Vacant Lots/Tracts	735,283,478	2.04%	667,025,103	2.05%
Real, Acreage (Land Only)	1,512,753,808	4.19%	1,190,613,650	3.66%
Real, Farm and Ranch Improvements	277,749,409	0.77%	245,112,091	0.75%
Real, Commercial and Industrial	4,964,858,185	13.75%	4,038,098,657	12.42%
Real, Oil, Gas & Other Mineral Reserves	493,944,860	1.37%	533,822,070	1.64%
Real and Tangible Personal, Utilities	679,232,435	1.88%	685,742,863	2.11%
Tangible Personal, Commercial and Industrial	2,514,481,864	6.96%	2,557,515,614	7.86%
Tangible Personal, Other	69,123,485	0.19%	66,497,465	0.20%
Real, Inventory	822,890,210	2.28%	732,772,380	2.25%
Special Inventory	59,368,540	0.16%	60,226,190	0.19%
Intangible Property and/or Uncertified Property	-	0.00%	-	0.00%
New Exempt Property	80,080	0.00%	-	0.00%
Total Appraised Value Before Exemptions	$ 36,102,303,394	100.00%	$ 32,524,477,792	100.00%
Less: Total Exemptions/Reductions	7,168,552,700		6,475,355,969	
Taxable Assessed Value	$ 28,933,750,694		$ 26,049,121,823	

(1) County Estimate of Taxable Value after Appraisal Review Board Hearing Process.

NOTE: Valuations shown are certified taxable assessed values reported by the Fort Bend Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended Sept 30	Estimated Population(1)	Taxable Assessed Valuation(2)	Taxable Assessed Valuation Per Capita	Tax Supported Debt Outstanding at End of Year	Ratio of Tax Supported Debt to Taxable Assessed Valuation	Tax Supported Debt Per Capita	Tax Year
2005	435,160	$ 23,430,077,530	$ 53,842	$ 205,710,000	0.88%	$ 473	2004
2006	435,160	26,049,121,823	59,861	230,080,000	0.88%	529	2005
2007	501,974	28,933,750,694	57,640	375,765,000	1.30%	749	2006
2008	501,974	33,393,702,935	66,525	367,690,000	1.10%	732	2007
2009	528,392	38,166,425,554	72,231	479,050,000	1.26%	907	2008
2010	547,876	39,476,385,295	72,054	469,185,000 (3)	1.19% (3)	856 (3)	2009

(1) Source: Fort Bend Economic Development Council.
(2) As reported by the Fort Bend Central Appraisal District; subject to change during the ensuing year.
(3) Projected, includes the Bonds and excludes the Refunded Bonds. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended	Tax Rate	Tax Levy	% Current Collections(1)	% Total Collections(2)
2004	$0.52374	$ 110,971,614	97.51%	99.71%
2005	0.52374	122,332,547	97.82%	99.74%
2006	0.51674	137,879,143	97.92%	99.78%
2007	0.51674	148,694,595	98.29%	99.67%
2008	0.51674	171,866,667	98.34%	99.18%
2009	0.49976	190,740,528	97.11% (3)	97.11% (3)

(1) Collected within the Fiscal Year of the levy.
(2) As of September 30, 2008 for each respective year's levy.
(3) Collections as of July 31, 2009.

TABLE 5 - TAX RATE DISTRIBUTION ANALYSIS

	Tax Year				
	2009(2)	2008	2007	2006	2005
General Fund	$ 0.38620	$ 0.39595	$ 0.41454	$ 0.41900	$ 0.42425
Road & Bridge Fund	0.03100	0.03920	0.02420	0.03434	0.03759
Debt Service Fund(1)	0.06180	0.04861	0.06000	0.04000	0.03150
Drainage District	0.02076	0.01600	0.01800	0.02340	0.02340
Farm-to-Market & Lateral Road Fund	0.00000	0.00000	0.00000	0.00000	0.00000
County Total Tax Rate	$ 0.49976	$ 0.49976	$ 0.51674	$ 0.51674	$ 0.51674

(1) The debt service fund tax includes a levy for unlimited tax bonds which are outside the constitutional tax limit.
(2) Proposed tax rates. The County expects to adopt these rates on October 20, 2009.

TABLE 6 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2009/2010 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
NRG Texas Power LLC	Electric Utility	$ 1,849,375,400	4.68%
Centerpoint Energy Electric	Electric Utility	229,576,660	0.58%
STC MFG Group-SPC	Manufacturing	184,837,730	0.47%
Katy Mills Mall LTD Partnership(1)	Shopping Mall	109,821,870	0.28%
Tramontina USA Inc.	Manufacturing	103,675,510	0.26%
Texas Instruments, Inc	Electronics Manufacturer	101,930,550	0.26%
LakePointe Assets LLC	Commercial	100,719,790	0.26%
Cardinal Health 411 Inc	Manufacturing	95,834,900	0.24%
Fountains Dunhill LLC	Commercial	82,257,154	0.21%
ConocoPhillips Company	Petroleom Company	81,863,610	0.21%
		$ 2,939,893,174	7.45%

(1) The County has agreed to participate in a City of Katy TIRZ that includes the Katy Mills Mall. Under its TIRZ Participation Agreement with the City of Katy, the County has agreed to contribute fifty percent of the tax increment produced in the City of Katy TIRZ to the City of Katy tax increment fund.

GENERAL OBLIGATION DEBT LIMITATION

Limited Tax Bonds Payable From the $0.80 Constitutional Tax Rate . . . Article 722, VATCS, limits the amount of bonds that may be issued for certain purposes as follows:

Courthouse Bonds	-	2% of Assessed Valuation
Jail Bonds	-	1 1/2% of Assessed Valuation
Courthouse and Jail Bonds	-	3 1/2% of Assessed Valuation
Road and Bridge Bonds	-	1 1/2% of Assessed Valuation

However, courthouse, jail and certain other types of bonds may be issued under the authority of Article 2370b, VATCS, which removes the above limitations.

Article VIII, Section 9, of the Texas Constitution, imposes a limit of $0.80 per $100 Assessed Valuation for all constitutional purposes, including the General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, and debt service of bonds, certificates, warrants and certificates of obligation issued against such funds. Administratively, the Attorney General of the State of Texas will permit allocation of $0.40 of the $0.80 constitutional tax rate for Limited Tax Bond debt service.

Unlimited Tax Road Bonds . . . Article III, Section 52, Texas Constitution, provides that Unlimited Tax Road Bond Debt may not exceed 25% of the County's assessed valuation of real estate. The Bonds are unlimited tax obligations.

TABLE 7 - TAX ADEQUACY

A portion of the County's tax supported debt is expected to be paid from net revenues generated from the Fort Bend County Toll Road System.

The following table represents the tax rate required for all bonded debt of the County that has a pledge of ad valorem taxes. See "DEBT INFORMATION – FORT BEND COUNTY TOLL ROAD BONDS" herein.

2010 Principal and Interest Requirements	$	32,361,109	(1)
$0.08540 Tax Rate at 96% Collection Produces	$	32,364,320	
Average Principal and Interest Requirements (2010-2021)	$	36,817,073	(1)
$0.09720 Tax Rate at 96% Collection Produces	$	36,836,205	
Average Principal and Interest Requirements (2022-2026)	$	34,796,518	(1)
$0.09190 Tax Rate at 96% Collection Produces	$	34,827,646	
Average Principal and Interest Requirements (2027-2032)	$	25,427,061	(1)
$0.06710 Tax Rate at 96% Collection Produces	$	25,429,108	
Maximum Principal and Interest Requirements (2019)	$	37,882,691	(1)
$0.10000 Tax Rate at 96% Collection Produces	$	37,897,330	

(1) Projected, includes the Bonds and excludes the Refunded Bonds. Preliminary, subject to change.

TABLE 8 - ESTIMATED CONSOLIDATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the County are paid out of ad valorem taxes levied by such entities on properties within the County. Such entities are independent of the County and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the County, the County has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the County.

Taxing Jurisdiction	Total G.O. Debt as of Various Dates	Estimated % Applicable	County's Overlapping G.O. Debt as of Various Dates
Fort Bend County	**$ 479,165,000** (1)	**100.00%**	**$ 479,165,000** (1)
Cities			
Arcola	1,420,000	100.00%	$ 1,420,000
Beasley	390,000	100.00%	390,000
Kendleton	70,000	100.00%	70,000
Meadows Place	4,625,000	100.00%	4,625,000
Needville	332,500	100.00%	332,500
Orchard	60,000	100.00%	60,000
Richmond	8,465,000	100.00%	8,465,000
Rosenberg	19,532,855	100.00%	19,532,855
Sugar Land	67,757,128	100.00%	67,757,128
County-Line Cities			
Houston	2,402,134,561	0.64%	$ 15,373,661
Katy	14,180,000	42.04%	5,961,272
Missouri City	85,320,108	94.94%	81,002,911
Pearland	250,897,772	1.22%	3,060,953
Stafford	1,560,000	100.00%	1,560,000
Total Cities			$ 209,611,280
School Districts			
Fort Bend ISD	967,212,703	100.00%	$ 967,212,703
Kendleton ISD	1,080,000	100.00%	1,080,000
Lamar Consolidated ISD	477,400,708	100.00%	477,400,708
Needville ISD	53,832,747	100.00%	53,832,747
County-Line School Districts			
Brazos ISD	17,464,993	75.84%	$ 13,245,451
Katy ISD	946,402,110	3.33%	31,515,190
Stafford MSD	17,680,000	99.60%	17,609,280
Total School Districts			$ 1,561,896,080
Total Special District Debt (2)			$ 1,633,570,003
Other			
Houston Community College District	192,190,000	1.74%	$ 3,344,106
Total Other			$ 3,344,106
Summary of Total Estimated Overlapping Debt			
Cities			$ 209,611,280
School Districts			1,561,896,080
Special Districts			1,633,570,003
Other			3,344,106
Estimated Overlapping Debt			$ 3,408,421,468
Fort Bend County - Direct Obligations			$ 479,165,000 (1)
Fort Bend County Parkway Road District			170,000
Total Direct and Estimated Overlapping Debt			$ 3,887,756,468

(1) County debt outstanding as of September 30, 2009. Projected, includes the Bonds and excludes the Refunded Bonds. Preliminary, subject to change.
(2) Total Special District Debt includes numerous special districts with varying amounts of debt applicable to the County.
Source: The Municipal Advisory Council of Texas.

DEBT INFORMATION

TABLE 9 - PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

	County Debt Paid From Ad Valorem Taxes					
Year End September 30	Limited Tax Bonds	Unlimited Tax Bonds(1)	Flood Control Water Supply Corporation Limited Tax Bonds	Total Debt Service Paid From Ad Valorem Taxes	Toll Road Unlimited Tax Bonds(2)	Grand Total Requirements
2010	$ 14,194,388	$ 10,731,672	$ 681,618	$ 25,607,677	$ 6,753,431	$ 32,361,109
2011	16,559,563	10,972,698	674,658	28,206,918	8,125,431	36,332,349
2012	15,911,263	10,875,785	1,410,438	28,197,485	8,310,741	36,508,226
2013	15,912,200	10,768,144	1,397,650	28,077,994	8,496,050	36,574,044
2014	15,916,938	10,665,101	1,447,344	28,029,382	8,844,425	36,873,807
2015	15,915,238	10,566,738	1,390,906	27,872,882	9,190,300	37,063,182
2016	15,918,338	10,469,351	1,310,141	27,697,829	9,739,138	37,436,966
2017	15,509,113	10,363,591	1,255,047	27,127,751	10,249,488	37,377,238
2018	15,513,038	10,258,935	1,201,875	26,973,848	10,824,250	37,798,098
2019	15,512,088	10,160,729	1,150,625	26,823,441	11,059,250	37,882,691
2020	15,513,488	10,058,273	1,075,000	26,646,760	11,220,500	37,867,260
2021	15,512,944	9,959,466	1,025,000	26,497,410	11,232,500	37,729,910
2022	15,512,750	8,048,351		23,561,101	11,238,250	34,799,351
2023	15,512,125	8,042,799		23,554,924	11,222,625	34,777,549
2024	15,515,500	8,046,681		23,562,181	11,254,125	34,816,306
2025	15,511,344	8,041,744		23,553,088	11,232,000	34,785,088
2026	15,512,875	8,045,672		23,558,547	11,245,750	34,804,297
2027	15,508,556	5,681,988		21,190,544	11,248,750	32,439,294
2028	15,512,588	3,771,500		19,284,088	11,240,500	30,524,588
2029	15,513,969	3,772,000		19,285,969	11,230,250	30,516,219
2030	15,511,213			15,511,213	11,256,000	26,767,213
2031	9,884,306			9,884,306	11,217,250	21,101,556
2032					11,213,500	11,213,500
	$ 337,383,819	$ 179,301,216	$ 14,020,300	$ 530,705,335	$ 237,644,503	$ 768,349,838

(1) Includes the debt service for the Bonds and excludes the debt service for the Refunded Bonds. Interest on the Bonds has been estimated for the purpose of illustration. Preliminary, subject to change.
(2) See "DEBT INFORMATION – FORT BEND COUNTY TOLL ROAD BONDS" herein.

TABLE 10 INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending September 30, 2010		$ 32,361,109
Interest and Sinking Fund, September 30, 2009(1)	$ 4,096,685	
Estimated Interest and Sinking Fund Tax Levy @ 97% Collections(2)	25,847,163	
Transfer from Toll Road Authority	6,753,431	
Projected Other Income	255,000	36,952,280
Estimated Balance, September 30, 2010		$ 4,591,171

(1) Unaudited, provided by the County.
(2) Debt service tax rate estimated at $0.675.

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount Authorized	Issued To Date	Unissued Balance
County Roads	5/12/2007	$ 156,000,000	$ 50,000,000	$ 106,000,000
		$ 156,000,000	$ 50,000,000	$ 106,000,000

FORT BEND COUNTY TOLL ROAD BONDS

In 2003 and 2004, respectively, the County issued two series of Unlimited Tax and Subordinate Lien Toll Revenue Bonds (collectively, the "Toll Road Bonds" and respectively the "Series 2003 Toll Road Bonds" and the "Series 2004 Toll Road Bonds"). The Series 2003 Toll Road Bonds were issued to finance the construction of the Fort Bend Parkway Toll Road. The Series 2004 Toll Road Bonds were issued to finance the construction of the Fort Bend Westpark Toll Road. The Fort Bend Parkway Toll Road and the Fort Bend Westpark Toll Road are collectively referred to herein as the "Toll Roads." The County has engaged the Fort Bend Toll Road Authority, a non-profit local government corporation created by the County (the "Toll Road Authority"), to manage the construction and operation of the Toll Roads.

The Toll Road Bonds are secured by a subordinate lien on all net revenues from the operation of the Toll Roads. In addition, the Toll Road Bonds are secured by a pledge of the County's ad valorem taxes in the event that the net revenues from the operation of the Toll Roads are insufficient to pay principal and interest on the Toll Road Bonds. The County has reserved the right to issue senior lien toll road bonds that would be secured by a senior lien on net revenues from the operation of the Toll Roads, or additional parity bonds.

The Fort Bend Parkway Toll Road opened to traffic in August 2004 and the Fort Bend Westpark Toll Road opened to traffic in August 2005. Based on revenues from the Toll Roads at current traffic levels together with other available funds, the County and the Toll Road Authority believe a tax will not be necessary for the payments of debt service on the Toll Road Bonds during 2009. Unless traffic on the Toll Roads increases, it is expected that revenues from the operation of the Toll Roads at some point in the future would be insufficient to pay the annual principal and interest on the Toll Road Bonds and the County would be required to assess and collect a tax from year to year to pay a portion of the debt service on the Toll Road Bonds. In the event it becomes necessary for the County to levy a tax to pay a portion of the toll road bonds debt service, each $0.01 of tax rate (for illustration purposes only) would produce $3,840,546, based on the County's 2009 net assessed valuation. If the toll road system produced no net revenue, a tax rate of approximately $0.03 would generate sufficient funds to pay the maximum annual debt service of $11,256,000 on the Toll Road Bonds.

See "FORWARD LOOKING STATEMENTS DISCLAIMER".

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT

The County anticipates issuing $50,000,000 of general obligation debt in the next fiscal year to continue making road improvements.

TABLE 12 – OTHER OBLIGATIONS

As of September 30, 2009, the County has no other outstanding obligations.

PENSION FUND

The County provides pension, disability and death benefits for all of its full-time employees through a non-traditional, joint contributory, defined contribution plan in the state-wide Texas County and District Retirement System (TCDRS). Under the state law governing TCDRS, the contribution rate of the County is a fixed percent equal to the contribution rate payable by the employee member, which is 7% as adopted by the governing body of the County. This rate is not actuarially determined and is one of the rates that can be adopted in accordance with the TCDRS Act. However, the plan of benefits adopted by the employer at the time of plan inception and when benefit increases are adopted is limited by statute to what the actuary determines can be adequately financed by the commitment of the employer to contribute the same amount as the employee. The statute specifies that the actuary's determination is based on a maximum period for amortizing the unfunded pension benefit obligation of 30 years. (For more detailed information concerning the retirement plan, see APPENDIX B, "EXCERPTS FROM THE COUNTY'S ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDING SEPTEMBER 30, 2008" - Note # 12.)

OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits through the Texas County and District Retirement System, the County has opted to provide eligible retired employees with the following post-employment benefits:

• Eligible retirees may purchase health insurance from the County's healthcare provider at the County's cost to cover current employees
• Eligible retirees may purchase health insurance from the County's healthcare provider at the County's cost to cover current employees for dependents if the dependents were covered at the point of retirement

The County recognizes its share of the costs of providing these benefits when paid, on a "pay-as-you-go" basis. These payments are budgeted annually. The amount budgeted for the fiscal year ending September 30, 2009 is $3,334,244. The appropriation for the fiscal year ending September 30, 2008 was $2,892,342. At September 30, 2008, there were approximately 333 participants eligible to receive such benefits. Commencing in fiscal year 2008, the County implemented GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions." The County has performed an actuarial valuation of its post-retirement benefit liability. The financial statement disclosures for 2008 are as follows:

The following table shows the calculation of the Annual Required Contribution on the Net OPEB Obligation.

	Fiscal Year Ending 9/30/2008	
	4%	7%
Determination of Annual Required Contribution		
Normal Cost at Fiscal Year End	$ 15,005,349	$ 7,896,784
Amortization of Unfunded Actuarial Accrued Liability	11,979,958	9,896,488
Annual Required Contribution	$ 26,985,307	$ 17,793,272
Determination of Net OPEB Obligation		
Annual Required Contribution	$ 26,985,307	$ 17,793,272
Less Assumed Contributions Made	2,834,214	17,793,272
Estimate Increase in Net OPEB Obligation	$ 24,151,093	$ 0
Net OPEB Obligation – Beginning of Year	$ 0	$ 0
Net OPEB Obligation – End of Year	$ 24,151,093	$ 0

The following table shows the annual OPEB cost and net OPEB obligation for the prior 3 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
9/30/2006	N/A	N/A	N/A	N/A
9/30/2007	N/A	N/A	N/A	N/A
9/30/2008	4.0%	$ 26,985,307	10.50%*	$ 24,151,093

* Estimated using assumed contributions of $2,834,214

FINANCIAL INFORMATION

TABLE 13 - CHANGES IN NET ASSETS

	Fiscal Year Ended September 30,				
Revenues:	2008	2007	2006	2005	2004
Program Revenues:					
Charges for Services	$ 33,424,910	$ 30,555,885	$ 27,221,567	$ 36,559,925	$ 31,565,330
Operating Grants and Contributions	24,399,799	19,049,110	8,615,726	14,341,902	13,395,498
Capital Grants and Contributions	33,540,586	103,693,431 (1)	73,252,137 (1)	21,348,940	37,964,056
General Revenues:					
Property Taxes	171,832,680	151,404,502	137,839,711	127,696,573	112,279,163
Earnings on Investments	8,072,311	12,009,284	5,999,017	3,109,378	2,024,399
Unrestricted	-	-	4,515,643	-	-
Other	2,170,172	1,693,188	228,309	329,311	635,621
Total Revenues	$ 273,440,458	$ 318,405,400	$ 257,672,110	$ 203,386,029	$ 197,864,067
Expenditures:					
General Administration	$ 41,632,474	$ 12,414,272	$ 23,638,550	$ 42,976,074	$ 36,904,539
Financial Administration	7,588,070	5,666,739	5,127,456	4,176,563	4,131,888
Administration of Justice	45,849,068	33,554,996	31,024,483	26,601,486	25,912,081
Construction & Maintenance	40,018,361	-	-	-	-
Road & Bridge	-	44,381,066	22,545,473	23,700,731	23,235,220
Health & Welfare	21,690,506	19,866,544	16,903,729	15,261,857	16,754,319
Cooperative Service	1,132,987	934,276	941,743	837,121	852,041
Public Safety	68,877,031	52,325,953	44,544,768	36,863,732	34,474,028
Parks & Recreation	2,114,983	1,822,404	623,401	1,712,461	1,792,004
Flood Control Projects	-	6,434,608	10,175,820	7,723,490	8,596,996
Libraries & Education	12,280,421	10,694,749	10,484,078	9,059,591	8,623,790
Interest on Long-Term Debt	10,621,067	6,051,065	4,165,438	3,349,584	3,554,275
Total Expenditures	$ 251,804,968	$ 194,146,672	$ 170,174,939	$ 172,262,690	$ 164,831,181
Change in Net Assets	$ 21,635,490	$ 124,258,728	$ 87,497,171	$ 31,123,339	$ 33,032,886
Net Assets, Beginning	642,199,088	517,940,360 (2)	414,165,867	383,042,528	350,009,642
Ending Fund Balance	$ 663,834,578	$ 642,199,088	$ 501,663,038	$ 414,165,867	$ 383,042,528

Source: County's audited financial statements.
(1) Represents Texas Department of Transportation projects with the County as a partner that have been completed.
(2) Restated.

TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,					
Revenues:	2009[(1)]	2008	2007	2006	2005	2004
Taxes	$ 148,276,694	$139,477,502	$122,607,412	$112,711,211	$100,918,691	$ 90,211,468
Fees and Fines	15,302,040	20,061,234	18,593,505	14,234,628	14,031,600	12,571,473
Intergovernmental	8,653,211	14,556,972	6,519,034	6,175,631	8,222,108	4,257,202
Earnings on Investments	1,009,713	2,866,409	4,469,895	3,072,671	1,661,815	1,027,560
Contributions and Donations	-	-	-	-	-	-
Miscellaneous	2,931,666	1,657,663	2,342,280	3,865,252	2,604,657	3,990,902
Total Revenues	$ 176,173,324	$178,619,780	$154,532,126	$140,059,393	$127,438,871	$112,058,605
Expenditures:						
Current Operating:						
General Administration	27,378,761	35,207,103 (2)	26,030,749	24,503,686	22,871,489	$ 19,143,259
Financial Administration	5,500,043	6,328,276	5,631,690	5,089,685	4,768,430	4,590,504
Administration of Justice	17,336,278	22,752,204	18,784,040	17,656,232	16,055,237	15,698,120
Road & Bridge	-	-	2,693,264	2,419,329	-	-
Construction and Maintenance	2,271,485	2,637,980	-	-	2,333,290	2,162,152
Health & Welfare	13,795,125	17,179,487	14,957,641	14,416,893	13,551,235	13,754,117
Cooperative Service	785,586	975,720	934,276	890,696	884,948	871,547
Public Safety	61,418,213	61,678,076 (2)	50,294,207	44,440,563	40,096,760	35,180,996
Parks & Recreation	1,289,252	1,739,346	1,822,404	1,667,241	1,618,790	1,716,537
Libraries & Education	8,287,428	10,342,295	10,605,484	10,059,445	8,927,383	8,731,484
Capital Outlay	6,962,096	8,590,318	15,321,628	4,582,355	5,190,938	10,524,175
Debt Service:						
Principal Retirement	-	-	-	-	-	-
Interest & Fiscal Charges	-	-	-	-	-	-
Total Expenditures	$ 145,024,267	$167,430,805	$147,075,383	$125,726,125	$116,298,500	$112,372,891
Revenues Over (Under) Expenditures	$ 31,149,057	$ 11,188,975	$ 7,456,743	$ 14,333,268	$ 11,140,371	$ (314,286)
Transfer In (Out)	(9,129,143)	(8,145,190)	(8,594,882)	(6,881,360)	(11,347,488)	(8,280,864)
Beginning Fund Balance, January 1		35,701,557	36,839,696	29,387,788	29,594,905	38,190,055
Ending Fund Balance		$ 38,745,342	$ 35,701,557	$ 36,839,696	$ 29,387,788	$ 29,594,905

Source: County's audited financial statements.

(1) Unaudited, provided by the County. As of June 30, 2009.

(2) Construction in Progress expenditures were previously categorized as Capital Outlay. These expenditures are now categorized based on the governmental function it benefits.

FINANCIAL POLICIES

Basis of Accounting . . . The accounting policies of the County conform to generally accepted accounting principles for governmental entities as promulgated by the Government Accounting Standards Board. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the combined balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the combined balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The accounts of the Governmental Fund Types (the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds) and Agency Funds are maintained, and the financial statements have been prepared, on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when they become susceptible to accrual (i.e., both measurable and available). Available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. Substantially all revenues, except property taxes, are considered to be susceptible to accrual. Property taxes, which are levied in the last quarter of the year and collected before year-end, are considered deferred revenues because such revenues are not legally available to pay liabilities in the current year. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on the general long-term debt are recognized as expenditures when due.

General Fund Balance . . . The General Fund is used to account for all revenues and expenditures not accounted for in other funds, relating to general operations.

Debt Service Fund Balance . . . Used to account for payment of principal and interest on general long-term debt.

Budgetary Procedures . . . The County Budget Officer prepares the proposed budget using revenue estimates furnished by the County Auditor. A public hearing is held on the budget before finalizing it. The Commissioners Court may increase or decrease the amounts requested by the departments. In the final budget, which is usually adopted in the last quarter of the year, appropriations of the budgeted funds cannot exceed the available fund balances in such funds on January 1, plus the estimated revenues for the ensuing year. During the year, the Commissioners Court may increase budgeted revenues and expenditures for unexpected revenues or beginning fund balances in excess of budget estimates, provided it rules that a state of emergency exists. The level of budgetary control is at the major operating group level. There are four major operating groups:

Salary and Personnel Costs	Information Technology Costs
Operating and Training Costs	Capital Acquisition Costs.

The underlying budget is maintained at the line item level, but departments are able to transfer amounts within each major group without court approval. Transfers between major groups require court approval. Transfers among individual expenditure line items within major categories may be made during the year, but no such transfer may increase the overall total of the budget without the declaration of an emergency. It is the amended budget that is presented in the financial statements on the budgetary basis. Except for transfers among budgeted line items and the amendment to the indigent health care budget, there were no other significant increases in the adopted budget.

INVESTMENTS

The County invests 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, including letters of credit; (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 and interest of which is 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) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) that are issued by or through an institution that either has its main office or a branch in Texas, and 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 clauses (1) through (6) 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) securities lending programs if (i) the securities loaned under the program are 100% 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) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the County, held in the County's name and deposited at the time the investment is made with the County or a third party designated by the County; (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, (10) certain 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, (11) commercial paper with a stated maturity of 270 days or less 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, (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated 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, and (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in the this paragraph, 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. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The County may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The County is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Effective September 1, 2003, governmental bodies in the State are authorized to implement securities lending programs if (i) the securities loaned under the program are collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the Agency or a third party designated by the Agency; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

INVESTMENT POLICIES

Under Texas law, the County is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for County funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All County funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, County investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the County shall submit an investment report detailing: (1) the investment position of the County, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest County funds without express written authority from the Commissioners Court.

ADDITIONAL PROVISIONS

Under Texas law the County is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers' with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Commissioners Court; (3) require the registered principal of firms seeking to sell securities to the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the County's investment policy; (5) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (7) restrict its investment in mutual funds in the aggregate to no more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in mutual funds; and (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

TABLE 14 - CURRENT INVESTMENTS

As of June 30, 2009 the County's investable funds were invested in the following categories:

Description	Percent of Total	Book Value	Market Value
Texas Term Investment Pool	45.40%	224,402	224,402
LOGIC State Pool	54.60%	269,848	269,848
	100.00%	$ 494,250	$ 494,250

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, (i) interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and (ii) interest on the Bonds is not includable in the alternative minimum tax on individuals, or except as described below, corporations.

The Internal Revenue Code of 1986, as amended (the "Code") imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The County has covenanted in the Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Order pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the 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 should fail to comply with the covenants in the Order or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

Under the Code, taxpayers are required to report on their returns the amount of tax exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

The Code also imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT), includes 75% of the amount by which its "adjusted current earnings" exceeds its other "alternative minimum taxable income." Because interest on certain 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 ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits, including tax exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the County as the taxpayer and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT BONDS

The issue price of certain of the Bonds (the "Original Issue Discount Bonds") may be less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated (a) the difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) Such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on a Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that (a) the Underwriters have purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the County nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Bond for purposes of determining the amount of gain or loss recognized by such owner upon redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price plus the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership and redemption, sale or other disposition of such Bonds.

VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by First Southwest Company on behalf of the County relating to (a) computation of forecasted receipts of principal and interest on the restricted acquired obligations and the forecasted payments of principal and interest to redeem the Refunded Bonds, and (b) computation of the yields on the Bonds and the restricted obligations was examined by Grant Thornton LLP, certified public accountants. Such computations were completed using certain assumptions and information supplied by First Southwest Company on behalf of the County. Grant Thornton LLP has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions or the achievability of the forecasted outcome.

OTHER INFORMATION

RATINGS

The presently outstanding tax supported debt of the County is rated "Aa2" by Moody's and "AA+" by S&P without regard to credit enhancement. Applications for contract ratings on this issue have been made to Moody's and S&P. 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.

LITIGATION

It is the opinion of the County Attorney and County Staff that there is no pending litigation against the County that would have a material adverse financial impact upon the County or its operations.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The County assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - RATINGS" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the 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 required for authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bonds and to the effect that the Bonds are valid and legally binding obligations of the County, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law and the Bonds are not private activity bonds, subject to the matters described under "TAX MATTERS" herein, including alternative minimum tax consequences for corporations. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the statements and information describing the Bonds and the Order in the Official Statement under the captions "PLAN OF FINANCING - REFUNDED BONDS," "THE BONDS" (except for information under the subsection captioned

"BOOK-ENTRY-ONLY SYSTEM,"), "TAX MATTERS," "OTHER INFORMATION – REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "OTHER INFORMATION – LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "OTHER INFORMATION – LEGAL MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" (except for information under the subsection captioned "COMPLIANCE WITH PRIOR UNDERTAKINGS") fairly and accurately describe the provisions thereof and are correct as to matters of law.. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from County records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

FINANCIAL ADVISOR

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

The Financial Advisor to the 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, represented by Morgan Keegan & Company, Inc., have agreed, subject to certain conditions precedent, to purchase the Bonds from the County, at a price of $__________________ (representing the par amount of the Bonds of $ __ plus a premium of $______________, less an underwriters' discount of $______________). The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have reviewed the information in this official statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the County, that are not purely historical, are forward-looking statements, including statements regarding the County's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the County on the date hereof, and the County assumes no obligation to update any such forward-looking statements. The County's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgements 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.

CONTINUING DISCLOSURE OF INFORMATION

In the Order, 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 material events, to certain information vendors. This information will be available to securities brokers and others who subscribe to receive the information from the vendors.

ANNUAL REPORTS

The County will provide certain updated financial information and operating data to certain information vendors annually. The information to be updated includes all quantitative financial information and operating data with respect to the County of the general type included in this Official Statement under Tables numbered one through seven and nine through fourteen and in Appendix B. The County will update and provide this information within six months after the end of each fiscal year. The County will provide the updated information to the Municipal Securities Rulemaking Board's EMMA System ("EMMA") as required by SEC Rule 15c2-12.

The County may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the County commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the County will provide unaudited financial information and operating data which is customarily prepared by the County by the required time, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the County may be required to employ from time to time pursuant to state law or regulation.

The County's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will notify EMMA of the change.

MATERIAL EVENT NOTICES

The County will also provide timely notices of certain events to certain information vendors. The County will provide notice of any of the following events with respect to the Bonds, if such event is material to a decision to purchase or sell Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (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 or events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds; (8) Bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds; and (11) rating changes. 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." The County will provide each notice described in this paragraph to the SID and to EMMA.

AVAILABILITY OF INFORMATION FROM NRMSIRS AND SID

The County has agreed to provide the foregoing information only to NRMSIRs, any SID, and the MSRB, as applicable. Prior to July 1, 2009, the information will be available to holders of Bonds only if the holders comply with the procedures and pay the charges established by such information vendors or obtain the information through securities brokers who do so. Effective July 1, 2009, all such information must be filed with the MSRB, rather than the current NRMSIRs. The MSRB intends to make the information available to the public without charge through an internet portal."

The SEC has approved amendments to the Rule, to become effective July 1, 2009, to designate the MSRB as the sole NRMSIR. To make such continuing disclosure information available to investors free of charge, the MSRB has established the Electronic Municipal Market Access ("EMMA") system. The County will be required to file its continuing disclosure information using the EMMA system beginning on July 1, 2009. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

AMENDMENTS

The County may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the County (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The County may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of the SEC Rule 15c2-12 are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the County so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "ANNUAL REPORTS" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

The County has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

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 Order authorizing the issuance of the Bonds will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Underwriters.

Certification of the Official Statement

At the time of payment for and delivery of the Bonds, the County will furnish a certificate, executed by proper officers, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the County contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of said Bonds and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the County and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the County, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the County believes to be reliable and the County has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the County since the date of the last audited financial statements of the County.

The Order authorizing the issuance of the Bonds will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Underwriters.

FORT BEND COUNTY, TEXAS

____
County Judge

ATTEST:

____
County Clerk

SCHEDULE I

SCHEDULE OF REFUNDED BONDS*

Unlimited Tax Road Bonds, Series 2001

Maturity March 1	Interest Rate		Par Amount	Call Date	Call Price	
2011	5.000	%	$ 2,050,000	03/01/10	100.00	%
2012	5.000		2,050,000	03/01/10	100.00	
2013	5.000		2,050,000	03/01/10	100.00	
2014	5.000		2,050,000	03/01/10	100.00	
2015	4.800		2,050,000	03/01/10	100.00	
2016	4.900		2,050,000	03/01/10	100.00	
2017	5.000		2,050,000	03/01/10	100.00	
2018	5.000		2,050,000	03/01/10	100.00	
2019	5.000		2,050,000	03/01/10	100.00	
2020	5.000		2,050,000	03/01/10	100.00	
2021	5.000		2,050,000	03/01/10	100.00	
			$ 22,550,000			

* Preliminary; subject to change.

APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY

The County

The following information has been derived from various sources, including the Texas Almanac, Texas Municipal Reports, U.S. Census Bureau, Greater Fort Bend Economic Development Council, Fort Bend Chamber of Commerce, National Decision Systems, Texas Employment Commission, Sales and Marketing Management, Urban Decision Systems, Woods & Poole Economics, and County officials. While such sources are believed to be reliable, no representation is made as to the accuracy thereof.

General

Fort Bend County, a component of the Houston Statistical Area, has an economy based on mineral production, construction, manufacturing and agriculture. According to the Fort Bend County Economic Development Council, the County has been one of the nation's twenty fastest growing counties for over fifteen years. The County was created from Austin County in 1837 and organized in 1838 and encompasses 876 square miles. The County is located in the coastal plains of southeast Texas, bordering Harris County to the northeast. The County is bisected from east to west by U.S. Highway 59 and north to south by State Highway 36.

Cities within the County are Richmond, Rosenberg, Sugar Land, Needville, Beasley, Kendleton, Orchard, Fulshear, Pleak, Arcola, Simonton, Thompsons and portions of Katy, Missouri City, Stafford and a very small portion of Houston.

Schools within the County are Fort Bend ISD, Kendleton ISD, Lamar Consolidated ISD, Needville ISD, Katy ISD, Stafford Municipal ISD and Wallis-Orchard ISD. The school district with the largest assessed value is Fort Bend ISD, comprising approximately 174 square miles located in the northeastern section of the County and adjacent to portions of Harris County and Brazoria County. The boundaries of Fort Bend ISD include the Cities of Sugar Land and Missouri City. The school district encompassing the largest area in the County is Lamar Consolidated ISD, comprising approximately 328.68 square miles located in the central and west portion of the County. The boundaries of Lamar Consolidated ISD include the cities of Richmond and Rosenberg.

Two Junior College systems have satellite campuses in Fort Bend County: Wharton County Junior College has campuses located in Richmond and Sugar Land, and Houston Community College has a campus located in Stafford. The West Houston Institute of the University of Houston occupies a facility in the Cinco Ranch project in the North Central portion of the County. Additionally, the University of Houston at Sugar Land brings the resources of the four UH System universities into Fort Bend County. Through the collaborative efforts of the University of Houston and Wharton County Junior College, all the course work for accredited bachelor's and master's degree programs can be done in Sugar Land. More than 1,400 students now attend classes at the Sugar Land campus and can choose from more than 32 degree programs through the masters level at this multi-institutional teaching center. The community college offers freshman and sophomore courses, while the University of Houston Sugar Land offers junior, senior and master's courses.

MAJOR EMPLOYERS

Employer	Line of Business	Number of Employees
Fort Bend ISD	Public Education	9,500
Fluor Daniel	Engineering, Construction, Maintenance & Technical Services	4,000
Lamar CISD	Public Education	3,016
Schlumberger Technology Corp.	Energy Exploration Technology/Research	2,100
Fort Bend County	County Government	2,000
Texas Instruments	Electronics & Semiconductor Manufacturer	1,400
Richmond State School	Special Education	1,396
SouthWest Water	Manages, Operates & Maintains Waste Water Systems	1,332
United Parcel Service	Package Distribution	1,100
Houston Community College	Public Education	815
Methodist Sugar Land Hospital	Healthcare	760
Wharton County Junior College	Public Education	623
Oak Bend Medical Center	Healthcare	615
Frito-Lay, Inc.	Snack Food Manufacturer	511
Tramontina	Manufacturer & Marketer of Cutlery & Cookware	501
Baker Petrolite, Inc.	Checmical Manufacturer	491
Nalco Company	Chemical Production	475
Personix	Plastic Card Embossing	460
Tyco Valves & Controls	Valve Manufacturer	450
Memorial Hermann - Fort Bend	Hospital	450
National Oilwell Varco, Inc.	Manufacturing & Service for Drilling & Oilfield Equipment	420
Puffer-Sweiven	Supplier of Products & Services for Process Control	415
Hudson Products	Industrial Equipment Manufacturer	400
Flextronics	Electronics, Design, Fabrication, Assembly & Test Company	336
Suntron Corporation	Manufacturer	330
Yokogawa Corp. of America	Manufacturer & Supplier of Instrumentation, Process Control	317
Texas Dept. of Criminal Justice	State Prison	300
Noble Drilling Services	Drilling Services	300
Hines Nurseries	Agriculture Nursery	300
Allied Concrete	Produces Concrete	288
ION Geophysical Corporation	Manufacturer of Seismic Data Equipment	284
Fairfield Industries	Seismic Company	256
Champion Technologies, Inc.	Specialty Chemical Company	246
AT&T	Telephone Utility	238
General Technologies, Inc.	Specialty Reinforcement Systems	175
Sunoco Logistics Partners	Pipeline	165
Kelsey-Seybold Clinic	Healthcare	160
Crown & Cork Seal	Supplier of Packaging Products to Consumer Marketing	160
Imperial Sugar	Cane Sugar Refining and Production	150
Benedittini Cabinetry	Cabinetry Manufacturer	135
Biotics Research Corporation	Manufacturer of Specially Designed Nutritional Products	130
Cardinal Health	Global Healthcare Service Hostipals, Pharmacies & Suppliers	120
Tadiran Microwave Networks	Manufacturer/Supplier of Microwave Radio Equipment	103
CenterPoint Energy	Electric Utility	100

Source: Greater Fort Bend County Economic Development Council, 2009

POPULATION[1]

1960	1970	1980	1990	2000
40,527	52,314	130,846	225,421	354,452

(1) Source: U.S. Census Bureau.

HOUSEHOLD INCOME COMPARISON

	Fort Bend County	Texas	United States
Under $15,000	5.5 %	13.7 %	13 %
$15,000-$24,999	5.5 %	11.3 %	10.8 %
$25,000-$34,999	6.8 %	11.2 %	11 %
$35,000-$49,999	11.7 %	15.7 %	15.5 %
$50,000-$74,999	19.4 %	19.1 %	19.4 %
$75,000-$99,999	15.7 %	10.9 %	11.8 %
$100,000-$149,999	20.9 %	11.3 %	11.5 %
Over $150,000	14.5 %	6.8 %	7.1 %

Source: US Census 2000 with ESRI forecasts for 2005.

LABOR STATISTICS

Calendar Year	Labor Force	Total Employment	Unemployment	Rate
2002	206,947	196,216	10,731	5.2%
2003	217,182	203,879	13,303	6.1%
2004	225,687	213,190	12,497	5.5%
2005	235,978	223,641	12,337	5.2%
2006	244,977	233,293	11,684	4.8%
2007	253,919	243,532	10,387	4.1%
2008	259,044	247,350	11,694	4.5%
2009 (1)	261,686	244,221	17,465	6.7%

Source: Texas Employment Commission.
(1) Average through July 2009.

INCOME STATISTICS

Calendar Year	Estimated Population	Total Retail Sales	Median Household EBI	Total EBI
1999	351,700	$ 4,139,063,000	$ 59,865	$ 7,774,846,000
2000	384,100	4,090,476,000	62,523	8,139,127,000
2001	380,200	4,207,997,000	54,295	7,908,754,000
2002	398,700	4,616,948,000	57,051	9,038,563,000
2003	418,900	5,117,960,000	56,982	9,616,375,000
2004	448,400	5,845,277,000	57,869	10,469,115,000

Source: Sales and Marketing Management Survey of Buying Power.

Transportation

Highway Infrastructure . . . The County can be easily accessed by road systems from every direction. The Southwest Freeway (US 59), Katy Freeway (I-10), US 90A, the Fort Bend Westpark Toll Road and the Fort Bend Parkway Toll Road generally provide access to the County from east to west. State Highway 6, the Sam Houston Tollway (Beltway 8), State Highway 36, FM 723, and the Grand Parkway all provide excellent north-south access from US 59 to I-10. The Texas Department of Transportation provides responsive programs in an effort to meet all requirements of a growing County.

By Land . . . Trucking is now deregulated with more than 600 truck lines operating within the Houston region. Rates are negotiable. No additional transportation costs are required for companies delivering finished products to or from Fort Bend County.

By Sea . . . Fort Bend's proximity to one of the world's busiest ports adds an international dimension to its market access. The Port of Houston ships cargo to 200 ports around the world. County companies have easy access to the Port via U.S. Highway 59, the most utilized highway serving Mexico from the Port of Houston.

By Rail . . . The Burlington North & Santa Fe and Union Pacific provide the necessary rail service for the greater Houston metropolitan area. These railroads give manufacturers effective access to raw materials and low cost transportation for their finished goods to all national markets.

By Commercial Air . . . **George Bush Intercontinental/Houston** and **William P. Hobby Airports** provide extensive, cost-effective air transportation to 150 destinations worldwide. Travelers can reach anywhere in the United States or Mexico in five hours or less by air. These modern, highly advanced airports can meet the needs of the smallest to the largest companies in the marketplace.

By Corporate Air . . . **Sugar Land Municipal Airport** is a general aviation facility with the capability to service all types of aircraft. The airport is an all-weather facility with a new tower allowing for improved commercial and corporate air service. **Houston Southwest Airport** is a convenient alternative in southeast Fort Bend County with easy access to the Texas Medical Center, Reliant Park and the emerging Highway 288 commercial corridor.

By Overnight Express . . . UPS, Federal Express, and DHL are among the many carriers that serve Fort Bend County's domestic and international delivery needs. UPS, the largest package distribution company in the world, has a distribution hub located in Stafford.

Water Transportation . . . The Port of Houston adds an international dimension to the exceptional market access enjoyed by Fort Bend companies. Whether a company needs to import raw materials or export finished products, the Port has the facilities and equipment to accommodate shipper's needs in a cost-effective manner.

Utilities

Electricity . . . Reliant Energy is engaged in the generation, transmission, distribution and sale of electric energy, serving an estimated area of 5,000 square miles. With over 13 million kilowatts in net generating capability, Reliant Energy is fully equipped to handle the electric needs of any industrial or commercial consumer, now and in the foreseeable future.

Natural Gas . . . Natural gas is abundant with Center Point Energy offering a reliable long-term supply to companies in the region.

APPENDIX B

EXCERPTS FROM THE

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2008

The information contained in this Appendix consists of excerpts from the Fort Bend County, Texas Annual Financial Report for the Year Ended September 30, 2008, and is not intended to be a complete statement of the County's financial condition. Reference is made to the complete Report for further information.

Null-Lairson, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fort Bend County, Texas, (the "County") as of and for the year ended September 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2009 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions or laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report, which has been issued separately from this document, is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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2277 Plaza Drive | Suite 260 | Sugar Land, TX 77479 | (P) 281.242.8600 | (F) 713.621.1570
www.null-lairson.com

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fort Bend County, Texas' basic financial statements. The management's discussion and analysis, budgetary comparison information, and pension system information on pages 3 through 11 and 53 through 55, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The introductory section, combining and individual fund financial statements and schedules, as well as statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Null Lairson, P.C.

March 31, 2009
Houston, Texas

FORT BEND COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Fort Bend County (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by $663.8 million *(net assets).* Of this amount, $42.3 million *(unrestricted net assets)* may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by $21.6 million.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of $170.5 million, a decrease of $61.6 million over the prior year.
- At the end of the current fiscal year approximately $38.5 million is *available for spending* at the government's discretion *(unreserved, undesignated general fund balance).* This fund balance amounts to 23% percent of total general fund expenditures.
- As of fiscal year 2008, the County reported other post-employment benefit obligations (OPEB) of $24.2 million as a result of implementing GASB Statement No., 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions".
- The County's total debt decreased by $8.5 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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets.* Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present functions of the County that are principally supported by taxes *(governmental activities).* The governmental activities of the County include general administration, financial administration, administration of justice, construction and maintenance, health and welfare, cooperative service, public safety, parks and recreation, libraries and education, and interest on long-term debt.

The government-wide financial statements include not only the County itself (known as *the primary government),* but also legally separate entities for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The County's three discretely presented component units consist of the following:

- Fort Bend Toll Road Authority
- Fort Bend Surface Water Supply Corporation
- Fort Bend Housing Finance Corporation

The government-wide financial statements can be found on pages 15 through 17 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 115 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, debt service, mobility and 2007 facilities bond funds, all of which are considered to be major funds. Data from the other 111 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in the comprehensive annual financial report.

The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

Proprietary funds. The County uses internal service funds to report activities that provide services for the County's other programs and activities. The Employee Benefits Fund and Other Self-Funded Insurance Fund are the County's internal service funds. Their purpose is to provide for the accumulation of money for insurance and employee benefits used in County operations. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the comprehensive annual financial report.

The basic proprietary fund financial statements can be found on pages 22 through 24 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 25 of this report.

Combining component unit financial statements. The County's three 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.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 through 53 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 55 through 57 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $663.8 million at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (93.0 percent) reflects its investment in capital assets (e.g., land, buildings, vehicles, road equipment, office furniture and equipment, infrastructure, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CONDENSED SCHEDULE OF NET ASSETS
September 30, 2008 and 2007

	Primary Government Governmental Activities	
	2008	**2007**
Current and other assets	$ 227,762,347	$ 278,241,320
Capital assets, net	746,378,348	644,835,009
Total Assets	974,140,695	923,076,329
Long-term liabilities	273,135,701	256,169,243
Other liabilities	37,170,416	24,707,998
Total Liabilities	310,306,117	280,877,241
Net Assets:		
Invested in capital assets, net of debt	617,510,083	571,604,116
Restricted	4,034,606	2,712,985
Unrestricted	42,289,889	67,881,987
Total Net Assets	$ 663,834,578	$ 642,199,088

A portion of the County's net assets ($4.0 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* ($42.3 million) may be used to meet the government's ongoing obligations to citizens and creditors.

The County's assets exceeded liabilities by $664 million, resulting in an increase of $21.6 million from prior year. This increase primarily relates to the addition of capital assets net of depreciation of $102 million as a result of the County's building of infrastructure, roads and bridges, and facilities. This increase is offset by a reduction of capital grants and contributions of $67.7 million in relation to infrastructure contributed by developers from master-planned communities within the municipalities of the County during 2007. This increase is further offset by the County's implementation of GASB Statement No., 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions", which resulted in a liability of $24.2 million as of September 30, 2008. The increase is also impacted by operating revenues exceeding operating expenses by approximately $2 million.

FORT BEND COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

SCHEDULE OF CHANGES IN NET ASSETS
Year-ended September 30, 2008 and 2007

	Primary Government Governmental Activities 2008	2007
Revenues		
Program revenues:		
Charges for services	$ 33,424,910	$ 32,091,615
Operating grants and contributions	24,399,799	17,096,390
Capital grants and contributions	33,540,586	101,241,210
General revenues:		
Property taxes	171,832,680	151,404,502
Earnings on investments	8,072,311	12,095,793
Other	2,170,172	4,227,954
Total Revenues	273,440,458	318,157,464
Expenses		
General administration	41,632,474	36,523,584
Financial administration	7,588,070	5,655,962
Adminsitration of justice	45,849,068	33,416,844
Construction and maintenance	40,018,361	25,197,262
Health and welfare	21,690,506	19,465,407
Cooperative services	1,132,987	826,741
Public safety	68,877,031	49,422,796
Parks and recreation	2,114,983	1,699,999
Libraries and education	12,280,421	10,474,327
Interest on long-term debt	10,621,067	9,190,051
Total Expenses	251,804,968	191,872,973
Change in Net Assets	21,635,490	126,284,491
Net Assets, Beginning	642,199,088	515,914,597
Net Assets, Ending	$ 663,834,578	$ 642,199,088

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

Governmental activities increased the County's net assets by $21.6 million. The key element of this increase is as follows:

- Property tax revenues of $171.8 million, which increased by $20.4 million from prior year as a result of increased development in the County and higher property values.

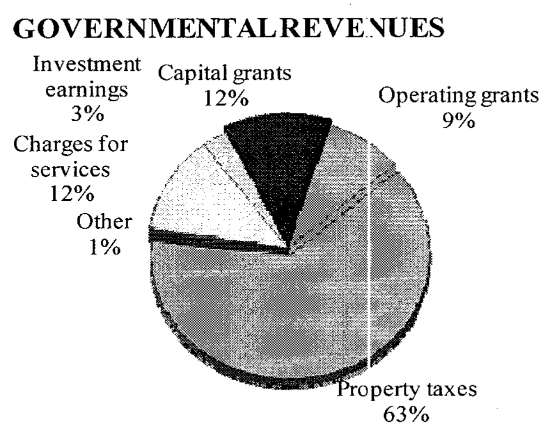
- The increase is offset by expenses for public safety of $68.9 million, an increase of $19.5 million from prior year; construction and maintenance of $40.0 million, an increase of $14.8 million from prior year; and administration of justice of $45.8 million, an increase of $12.4 million from prior year. These increases are primarily due to higher salaries and wages including benefits, higher fuel prices, and higher overall costs due to inflation.

- The increase is further offset by lower capital grants and contribution revenues by $67.7 million from prior year as a result of various donations of roads and right of way for new subdivisions during 2007.

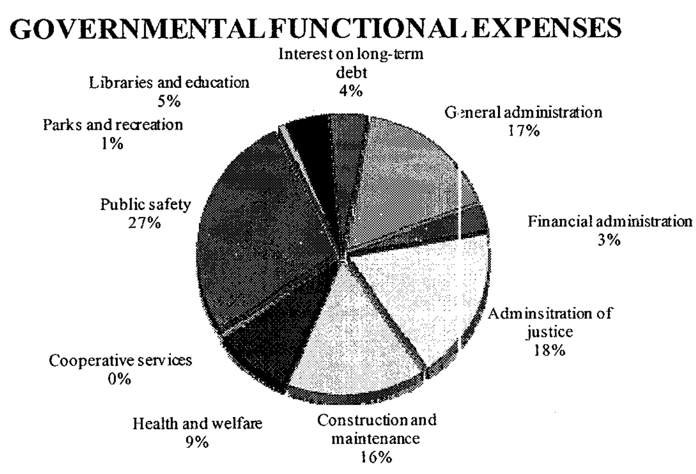
- This increase is also offset by the County's implementation of GASB Statement No., 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions", which resulted in a liability and related expenses of $24.2 million as of September 30, 2008.

- The remaining increase in net assets was due to overall operating revenue exceeding operating expenses by approximately $2 million.

Governmental Revenues for fiscal year 2008 are graphically displayed as follows:



Governmental functional expenses were as follows:



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the County's governmental funds is to provide information of near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements, in particular, unreserved 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 $170.5 million. Of this, $38.5 million is unreserved and available for day-to-day operations of the County. In addition, $4.4 million is reserved for debt service and the remaining reserved amount is for capital projects and prepaid items of $106.9 million and $0.2 million respectively.

There was a decrease in the combined fund balance of $61.6 million from the prior year. The decrease in fund balance includes a $14.0 million decrease in the Mobility Capital Projects fund and a $49.8 decrease in the capital project fund (2007 Facilities Bonds Fund) for facilities. The decrease in the Mobility Capital Projects fund and the 2007 Facilities Bonds Funds are primarily due to capital outlay expenditures for mobility and facility projects. The increase in the General Fund of approximately $3.0 million is due to operating revenues exceeding operating expenditures and net other financing uses during the course of operations.

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 has a net assets balance at fiscal yearend of $3.0 million. In addition, the Self-Funded Insurance Fund has deficit net assets of $2.4 million at fiscal year end. Expenses in the Other Insurance Fund exceeded the amount budgeted in previous fiscal years. However, amounts budgeted for expenses in this fund (and therefore revenues) have been increased for the future fiscal period, which should reduce the deficit net assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was an approximate $14 million decrease in appropriations between the original and final amended budget. The main components of the decrease are as follows:

- Approximately $6 million was transferred to multi-year capital projects with budgets that extend beyond the County's fiscal year.

- Approximately $8 million was allocated to the Juvenile Board for the operations of the Juvenile Probation Office.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of fiscal year 2008, the County's governmental activities had invested $746.4 million in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents an increase of approximately $102 million over the previous fiscal year.

FORT BEND COUNTY'S CAPITAL ASSETS

	Governmental Activities	
	2008	**2007**
Non-Depreciable Assets		
Land and intangibles	$ 270,596,282	$ 257,953,832
Construction in progress	133,300,768	94,641,782
Other Capital Assets, Net		
Vehicles	6,940,630	6,591,997
Office furniture and equipment	5,988,975	3,965,866
Machinery and equipment	9,813,297	8,830,097
Buildings, facilities and improvements	62,135,291	62,972,976
Infrastructure	257,603,104	209,878,459
Totals	$ 746,378,347	$ 644,835,009

Construction in progress at year-end represents numerous ongoing projects, the two largest being mobility bond projects ($42.6 million) and facilities bond projects ($56 million).

Long-Term Debt. At the end of the current fiscal year, the County had total bonds outstanding of $232.1million. This is a decrease of $8.2 million from prior year due to bond principal payments. The total amount relates to general obligation bonds.

	Governmental Activities	
	2008	**2007**
General Obligation Bonds	$ 232,130,000	$ 240,350,000
Total	$ 232,130,000	$ 240,350,000

The County received an insured rating of Aaa from Moody's. The uninsured ratings are as follows:

Moody Investor Service Aa2
Standard and Poor's AA+

The Fort Bend Housing Finance Corporation (the "Corporation"), a component unit of the County, has issued conduit debt in the amount of $98.3 million. The tax-exempt bonds issued by the Corporation do not constitute a debt or pledge of faith by the Corporation, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. As of September 30, 2008, approximately $42.7 million of total bonds are outstanding.

Additional information on capital assets and long-term debt is available in notes 6 and 7 respectively, to the financial statements

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's labor force is estimated to be up 2.2% to almost 259,214. Of those only 13,220 are currently unemployed indicating a 5.1% unemployment rate. Job availability in Fort Bend is also up by 3.4% at 210,240. This means that there are enough jobs in the County to support roughly 81% of Fort Bend's employed labor force.

On the housing front, title data indicates that 6,647 new homes were sold in Fort Bend County in 2008. While this is down 24%, this is still a very healthy number when you consider the impacts of Hurricane Ike on the region during the 4th quarter of calendar 2008. We have had stable and consistent new home growth in Fort Bend over the past 8 years averaging over 7,300 homes since 2001 and 7,900 homes over the past five years. When looking at predictors for continued success, mortgage interest rates, net new jobs, home appreciation and supply are all relevant to the outlook. Housing supply is expected to be in line with previous growth, if not better. HAR (Houston Association of Realtors) reports that 3 of the 10 hottest markets are in Fort Bend County as of August 2008 with inventories well below 6 months in age. At this level and with 4000+ acres of new master planned communities coming on line over the next few years, we expect new home sales in Fort Bend to have a solid year. Our 2008 population grew to 531,660 from 514,010 for a growth rate of 3.4%.

Property market values went up 14.7% to $47.7 billion in 2008 from $41.6 billion in 2007. This is a combination of market appreciation on existing property as well as new residential and commercial value added over the year. The County has experienced steady increases in market values over the past ten years. For this reason and as a result of the new commercial development, market values are expected to increase to over $50 billion in 2009.

The Commissioners Court approved a $214.4 million total budget for the 2009 fiscal year. This is a 12.5% increase over the adopted 2008 fiscal year budget. The growth in the budget is driven by increased costs of doing business as well as funding for drainage, mobility, and increased services to the citizens of the County. The overall tax rate was reduced by $0.01698 to $0.49976 for the 2009 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Fort Bend County's finances for all of those with an interest in the County's finances. Questions concerning this report or requests for additional financial information should be directed to Ed Sturdivant, County Auditor, 301 Jackson Suite 533, Richmond, TX 77469, telephone (281) 341-3760.

BASIC FINANCIAL STATEMENTS

FORT BEND COUNTY, TEXAS

STATEMENT OF NET ASSETS

September 30, 2008

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and equivalents	$ 31,936,256	$ 3,577,712
Investments	165,061,854	18,322,581
Receivables:		
Taxes, net	7,716,568	
Grants	9,778,671	
Fees and fines	4,319,143	
Other	1,900,313	595,478
Prepaid items	205,354	1,039
Deferred issuance costs	2,238,945	844,510
Receivable from fiduciary fund	3,971,213	
Due from component units	634,030	
Capital assets, not being depreciated:	403,897,050	
Capital assets, net of accumulated depreciation:	342,481,298	157,133,288
Total Assets	974,140,695	180,474,608
LIABILITIES		
Accounts payable and accrued expenses	25,938,990	3,800
Retainage payable	5,370,742	
Accrued interest payable	911,236	562,786
Unearned revenues	3,845,318	
Due to primary government		634,030
Due to other governments	1,104,130	
Long-term liabilities due within one-year	15,590,681	
Long-term liabilities due in more than one-year	257,545,020	139,320,925
Total Liabilities	310,306,117	140,521,541
NET ASSETS		
Invested in capital assets, net of related debt	617,510,083	17,812,363
Restricted for:		
Debt Service	4,034,606	
Unrestricted	42,289,889	22,140,704
Total net assets	$ 663,834,578	$ 39,953,067

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

FORT BEND COUNTY, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended

September 30, 2008

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	$ 41,632,474	$ 6,065,088	$ 6,386,016	$ 616,142
Financial administration	7,588,070	1,976,033		
Administration of justice	45,849,068	6,200,004	5,839,599	
Construction and maintenance	40,018,361	8,371,102	1,109,525	32,924,444
Health and welfare	21,690,506	5,299,438	4,680,936	
Cooperative services	1,132,987		1,936	
Public safety	68,877,031	5,061,015	6,066,374	
Park and recreation	2,114,983	189,273	102,738	
Libraries and education	12,280,421	262,957	212,675	
Interest on long-term debt	10,621,067			
Total Primary Government	$ 251,804,968	$ 33,424,910	$ 24,399,799	$ 33,540,586
Component Units				
FB Surface Water Supply Corp.	$	$	$	$
FB Toll Road Authority	14,550,796	15,154,691		91,500
FB Housing Finance Corp.	18,510	61,845		10,000
Total Component Units	$ 14,569,306	$ 15,216,536	$	$ 101,500

General revenues:

Property taxes, penalties, and interest

Unrestricted earnings on investments

Miscellaneous

Total General Revenues

Changes in Net Assets

Net Assets, Beginning

Net Assets, Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets	
Primary Government	
Governmental Activities	Component Units
$ (28,565,228)	
(5,612,037)	
(33,809,465)	
2,386,710	
(11,710,132)	
(1,131,051)	
(57,749,642)	
(1,822,972)	
(11,804,789)	
(10,621,067)	
(160,439,673)	
	$
	695,395
	53,335
	748,730
171,832,680	
8,072,311	779,899
2,170,172	142,955
182,075,163	922,854
21,635,490	1,671,584
642,199,088	38,281,483
$ 663,834,578	$ 39,953,067

FORT BEND COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2008

	General Fund	Debt Service Fund	Mobility Projects Fund	2007 Facilities Bonds Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and equivalents	$ 2,096,592	$ 4,334,041	$ 492,775	$ 446,739	$ 18,643,482	$ 26,013,629
Investments	40,317,255		25,590,462	88,697,032	10,457,105	165,061,854
Taxes receivable, net	5,997,278	575,343			1,143,947	7,716,568
Grants receivable	8,452,923				1,325,747	9,778,670
Fines and fees receivable	4,319,143					4,319,143
Other receivables	1,156,842	14,953	230		335,955	1,507,980
Due from other funds	13,043,316	21,505			121,790	13,186,611
Due from component units	634,030					634,030
Prepaid items	197,806			4,668	3,211	205,685
Total Assets	$ 76,215,185	$ 4,945,842	$ 26,083,467	$ 89,148,439	$ 32,031,237	$ 228,424,170
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 22,284,477	$	$	$	$ 180,993	$ 22,465,470
Accrued expenditures	11,144					11,144
Accrued payroll	3,644,795					3,644,795
Retainage payable	80,195		808,156	4,482,391		5,370,742
Due to other funds	28,681		1,883,052	5,730,156	1,817,462	9,459,351
Due to other governments	1,104,130					1,104,130
Deferred revenue	10,316,421	575,343			4,972,384	15,864,148
Total Liabilities	37,469,843	575,343	2,691,208	10,212,547	6,970,839	57,919,780
Fund Balances:						
Reserved for:						
Debt Service		4,370,499				4,370,499
Prepaid Items	197,806			4,668	3,211	205,685
Capital Projects			23,392,259	78,931,224	4,614,161	106,937,644
Unreserved, Reported in:						
General Fund	38,547,536					38,547,536
Special Revenue Funds					15,585,100	15,585,100
Capital Projects Funds					4,857,926	4,857,926
Total Fund Balances	38,745,342	4,370,499	23,392,259	78,935,892	25,060,398	170,504,390
Total Liabilities and Fund Balances	$ 76,215,185	$ 4,945,842	$ 26,083,467	$ 89,148,439	$ 32,031,237	$ 228,424,170

The notes to the financial statements are an integral part of this statement.

FORT BEND COUNTY, TEXAS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS

September 30, 2008

Total fund balance, governmental funds	$ 170,504,390
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	746,378,348
Other long-term assets are not available to pay for current-period expenditures and are therefore deferred in the funds.	12,018,830
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	654,227
Some liabilities, (such as Long-term Claims and Judgments Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are reported in the governmental	
Bonds payable	(232,130,000)
Deferred issuance costs	2,238,945
Compensated absences	(4,852,979)
Other post-emploment benefit (OPEB) obligation	(24,151,093)
Premiums on issuance of debt	(5,914,854)
Accrued interest is not due and payable in the current period and therefore not reported in the funds	(911,236)
Net Assets of Governmental Activities	$ 663,834,578

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

FORT BEND COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2008

	General Fund	Debt Service Fund	Mobility Projects Fund	2007 Facilities Bonds Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 139,477,502	$ 20,223,244	$	$	$ 14,246,860	$ 173,947,606
Fees and fines	20,061,234	274,944			8,612,178	28,948,356
Intergovernmental	14,556,972	35,825	116,452		12,480,555	27,189,804
Earnings on investments	2,866,409	290,999	1,286,377	2,364,145	1,067,499	7,875,929
Miscellaneous	1,657,663		616,142		3,123,626	5,397,431
Total Revenues	178,619,780	20,825,012	2,019,471	2,364,145	39,530,718	243,359,126
EXPENDITURES						
Current:						
General administration	35,207,103				853,303	36,060,406
Financial administration	6,328,276				1,996	6,330,272
Administration of justice	22,752,204				16,142,860	38,895,064
Construction and maintenance	2,637,980				25,946,524	28,584,504
Health and welfare	17,179,487				3,189,555	20,369,042
Cooperative services	975,720					975,720
Public safety	61,678,076				1,403,044	63,081,120
Parks and recreation	1,739,346					1,739,346
Libraries and education	10,342,295				79,737	10,422,032
Capital Outlay	8,590,318		16,053,943	52,122,609	1,273,793	78,040,663
Debt Service:						
Principal		8,220,000				8,220,000
Interest and fiscal charges		12,266,435				12,266,435
Total Expenditures	167,430,805	20,486,435	16,053,943	52,122,609	48,890,812	304,984,604
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,188,975	338,577	(14,034,472)	(49,758,464)	(9,360,094)	(61,625,478)
OTHER FINANCING SOURCES (USES)						
Transfers in	431,150				9,138,548	9,569,698
Transfers out	(8,576,340)				(993,358)	(9,569,698)
Total other financing sources (uses)	(8,145,190)				8,145,190	
Net change in fund balances	3,043,785	338,577	(14,034,472)	(49,758,464)	(1,214,904)	(61,625,478)
Fund balances-beginning	35,701,557	4,031,922	37,426,731	128,694,356	26,275,302	232,129,868
Fund balances-ending	$ 38,745,342	$ 4,370,499	$ 23,392,259	$ 78,935,892	$ 25,060,398	$ 170,504,390

The notes to the financial statements are an integral part of this statement.

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, 2008

Net change in fund balances - total governmental funds:	$ (61,625,478)
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 capital outlay ($83.8 million) exceeded depreciation expense ($14.9 million) in the current period.	68,899,941
Capital contributions of infrastructure are reported in the governmental-wide financial statements but not in the fund financial statements.	32,807,991
The long-term portion of accrued compensated absences is not due and payable in the current period and is therefore not reported in governmental funds.	827,493
Changes in the other post-employment benefit (OPEB) obligation are not due and payable in the current period and therefore, not reported in governmental funds.	(24,151,093)
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.	(2,136,754)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment reflects the net change in interest payable on the accrual basis of accounting.	1,193,902
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	451,464
Principal payments on bonds are reported as expenditures in governmental funds but not as expenses in the government-wide statements.	8,220,000
Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment replacement, to individual funds. The net revenues (expenses) is reported with governmental activities.	(2,851,976)
Change in net assets of governmental activities	$ 21,635,490

FORT BEND COUNTY, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2008

	Governmental Activities	
	Internal Service Funds	
ASSETS		
Current Assets:		
Cash and cash equivalents	$	6,103,620
Due from other funds		312,795
Other receivables		393,429
Total assets		6,809,844
LIABILITIES		
Current liabilities:		
Benefits Payable - current portion		5,782,436
Due to other funds		68,842
Total current liabilities		5,851,278
Non-current liabilities:		
Benefits payable		304,339
Total liabilities		6,155,617
NET ASSETS		
Unrestricted	$	654,227

The notes to the financial statements are an integral part of this statement.

FORT BEND COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended September 30, 2008

	Governmental Activities Internal Service Funds
Operating Revenues	
Charges for Services	$ 23,821,227
Total Operating Revenues	23,821,227
Operating Expenses	
Current operations - general administration	2,237,205
Benefits provided	24,435,998
Total Operating Expenses	26,673,203
Operating Income (Loss)	(2,851,976)
Non-Operating Revenues	
Earnings on investments	206,252
Total Non-Operating Expenses	206,252
Change in Net Assets	(2,645,724)
Net Assets (Deficit), Beginning	3,299,951
Net Assets (Deficit), Ending	$ 654,227

The notes to the financial statements are an integral part of this statement.

FORT BEND COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2008

	Governmental Activities
	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for services	$ 26,312,356
Payment of benefits	(22,373,256)
Payment of general administration expenses	(2,237,206)
Net Cash Provided by Operating Activities	1,701,894
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned on investments	206,252
Net Cash Provided by Investing Activities	206,252
Net Increase in Cash and Cash Equivalents	1,908,146
Cash and Cash Equivalents, Beginning of Year	4,195,474
Cash and Cash Equivalents, End of Year	$ 6,103,620
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities	
Operating (Loss)	$ (2,851,976)
Change in assets and liabilities	
(Increase) Decrease in other receivables	540,552
Increase (Decrease) in due from other funds	1,950,576
Increase (Decrease) in accounts payable	(75,859)
Increase (Decrease) in benefits payable	2,138,601
Total adjustments	4,553,870
Net Cash Provided by Operating Activities	$ 1,701,894

The notes to the financial statements are an integral part of this statement.

FORT BEND COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
September 30, 2008

		AGENCY FUND
ASSETS		
Cash and cash equivalents	$	30,030,942
Miscellaneous receivables		248,891
Total Assets	$	30,279,833
LIABILITIES		
Due to other governments	$	26,308,620
Due to other funds		3,971,213
Total Liabilities	$	30,279,833

FORT BEND COUNTY, TEXAS
STATEMENT OF NET ASSETS
COMPONENT UNITS
September 30, 2008

	FBC Surface Water Supply Corporation	Fort Bend Toll Road Authority	Fort Bend Housing Finance Corporation	Totals
ASSETS				
Cash and cash equivalents	$ 7,377	$ 3,443,601	$ 126,734	$ 3,577,712
Investments		17,942,581	380,000	18,322,581
Prepaids				
Accrued interest receivable			10,250	10,250
Miscellaneous receivables		585,011	217	585,228
Deferred bond issuance costs		844,510		844,510
Prepaid items			1,039	1,039
Capital assets, net		157,133,288		157,133,288
Total Assets	7,377	179,948,991	518,240	180,474,608
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable			3,800	3,800
Due to primary government		634,030		634,030
Accrued interest payable		562,786		562,786
Long term liabilities				
Due in more than one year		139,320,925		139,320,925
Total Liabilities		140,517,741	3,800	140,521,541
NET ASSETS				
Invested in capital assets, net of related debt		17,812,363		17,812,363
Unrestricted	7,377	21,618,887	514,440	22,140,704
Total Net Assets	$ 7,377	$ 39,431,250	$ 514,440	$ 39,953,067

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

FORT BEND COUNTY, TEXAS
STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Year Ended September 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions
Fort Bend Toll Road Authority			
Toll road operations	$ 7,756,177	$ 15,154,691	$ 91,500
Interest on Long-term Debt	6,794,619		
Total Fort Bend Toll Road Authority	14,550,796	15,154,691	91,500
Fort Bend Housing Finance Corporation			
General administration	18,510	61,845	10,000
Total Fort Bend Housing Finance Corporation	18,510	61,845	10,000
Total Component Units	$ 14,569,306	$ 15,216,536	$ 101,500

General revenues:
Unrestricted earnings on investments
Miscellaneous
Total General Revenues
Changes in Net Assets
Net Assets, Beginning,
Net Assets, Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
FBC Surface Water Supply Corporation	Fort Bend Toll Road Authority	Fort Bend Housing Finance Corporation	Totals
$	$ 7,490,014	$	$ 7,490,014
	(6,794,619)		(6,794,619)
	695,395		695,395
		53,335	53,335
		53,335	53,335
	695,395	53,335	748,730
192	763,183	16,524	779,899
	142,955		142,955
192	906,138	16,524	922,854
192	1,601,533	69,859	1,671,584
7,185	37,829,717	444,581	38,281,483
$ 7,377	$ 39,431,250	$ 514,440	$ 39,953,067

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Fort Bend County, Texas ("County") is a public corporation and a political subdivision of the State of Texas. The Commissioners Court, composed of four County Commissioners and the County Judge, all of whom are elected officials, govern the County.

The County is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the County's financial reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the County's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the County is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the County's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended Component Units
Blended component units, although legally separate entities, are, in substance, part of the County's operations and so data of these units are combined with data of the County. Each of the County's blended component units has a September 30 year-end. The following component units have been identified and are presented in a blended format in the government-wide financial statements:

Fort Bend County Drainage District ("District")
Established under Section 59 of Article XVI of the Constitution of Texas, the District includes all of the property within Fort Bend County. The District was created for the purpose of reclamation and drainage of its lands. Commissioners Court acts as the governing body of the District. Complete financial statements for the District can be obtained at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 533, Richmond, Texas.

Fort Bend Flood Control Water Supply Corporation ("FBFCWSC")
The FBFCWSC is a non-profit corporation organized for the benefit of the County to provide for the acquisition, construction and financing of flood control and drainage projects for the County. Upon completion, these projects are maintained by the County. Commissioners Court appoints the Board of Directors and approves all budgets and expenditures. Complete financial statements for the Corporation can be obtained at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 533, Richmond, Texas.

Fort Bend Parkway Road District ("FBPRD")
The FBPRD, a limited purpose political subdivision, was created as a vehicle to provide cost participation for the development and construction of the Fort Bend Parkway in eastern Fort Bend County. The governing body is Commissioners Court. The District does not issue separate financial statements.

Discretely Presented Component Units
Discretely presented component units are presented in a separate column in the government-wide statements to emphasize that they are legally separate from the County. Each of the County's discretely presented component units has a September 30 year-end. The following component units have been identified and are presented in a discrete format in the County's financial statements:

Fort Bend Toll Road Authority
The Fort Bend Toll Road Authority is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. The Authority was created to assist in the planning, designing, financing and building of county roads and highways. In particular, the Authority is to assist in the building and operation of the Fort Bend Toll Road system that will extend from Sam Houston Parkway in Harris County to State Highway 6 and State Highway 99 in Fort Bend County. Commissioners Court 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. Financial information is available at the County Auditor's Office.

Fort Bend Surface Water Supply Corporation
The Fort Bend County Surface Water Supply Corporation was established for the purpose of conducting a feasibility study of a surface water facility in the area. Currently, revenue sources are primarily from special districts, private corporations, and other entities interested in the study. Commissioners Court appoints the Corporation's governing body. The County has financial accountability because it appoints a voting majority of the Board and the County can impose its will. Financial information is available at the County Auditor's Office.

Fort Bend County Housing Finance Corporation
The Fort Bend County Housing Finance Corporation was established under the Texas Housing Finance Corporation Act. The Corporation provides down payment assistance programs for individuals meeting certain income guidelines and serves as a conduit for activity related to bond issues for affordable housing in Fort Bend County. The tax-exempt bonds issued by the Corporation do not constitute a debt or a pledge of faith by the Corporation, but are payable by the user pursuant to terms defined in the loan agreements underlying each issue. Commissioners Court appoints the Corporation's governing body. The County has financial accountability because it appoints a voting majority of the Board and the County can impose its will. Complete financial statements for The Fort Bend Housing Finance Corporation are prepared and can be obtained at the East Fort Bend County Annex Building located at 3030 Texas Parkway, Suite 213, Missouri City, Texas.

B. Government-wide and Fund Accounting

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. While the previous reporting model emphasized fund types (the total of all funds of a particular type), the GASB 34 reporting model focuses on either the County as a whole or on major individual funds (within the fund financial statements). Typically, both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. All primary activities of the County are considered to be governmental type activities; therefore no business type activities are presented within the basic financial statements. In the government-wide Statement of Net Assets, governmental activities are presented on a full accrual, economic resource basis, which incorporates long-term assets and receivables, as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general administration, financial administration, public safety, etc.), which are otherwise being supported by general government revenues (property taxes, earnings on investments, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues. The program revenues must be directly associated with the function (general administration, financial administration, public safety, etc.).

The governmental funds major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile fund-based financial statements with the governmental column of the government-wide presentation.

The County's fiduciary funds are presented in the fund financial statements by type. Since, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Since the County only reports agency funds, a statement of changes in fiduciary net assets is not presented. All assets reported in agency funds should be offset by a corresponding liability, resulting in zero net assets.

In the fund financial statements, the accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Following is a description of the various funds:

The County reports the following major governmental funds:

General Fund
The General Fund is the County's primary operating fund. It is used to account for all financial transactions not properly includable in other funds. The principal source of revenue is local property taxes. Expenditures include all costs associated with the daily operations of the County.

Debt Service Fund

This fund is used to account for the debt service transactions relating to the following bond issues: Library Permanent Improvement Bonds Series 1997, Permanent Improvement Bonds Series1997, Permanent Improvements Refunding Bonds Series 2003, Unlimited Tax Road Bonds Series 2001, Unlimited Tax Road Bonds Series 2006, Unlimited Tax Road Bonds Series 2007, Fort Bend Flood Control Water Supply Corporation (FBFCWSC) Revenue Bonds Series 1995 (final payment in FY2008), FBFCWSC Refunding Bonds Series 1999 (final payment in FY2008), Fort Bend Flood Control Water Supply Corporation (FBFCWSC) Revenue Bonds Series 2001, and the Limited Tax Facilities Bonds Series 2007. This fund is also used to account for the debt service transactions associated with the Parkway Road District's Series 1990 Bonds. Revenues in this fund are comprised of property taxes levied against property located in the District.

Mobility Capital Projects Fund
The Mobility Fund is a Capital Projects Fund used to account for the proceeds of the General Obligation Bonds Series 2001, 2006 and 2007 which are being used to finance the construction and/or expansion of numerous roads in the County.

2007 Facilities Bonds Fund
The 2007 Facilities Bonds Fund is a Capital Projects Fund used to account for the proceeds of the Fort Bend County Limited Tax (General Obligation) Bonds Series 2007 which are being used to finance the construction and/or expansion of numerous County facilities.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund-types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net assets and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Proprietary fund equity consists of net assets. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The accounts of the Governmental Fund Types (the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds) and certain Component Units are maintained, and the financial statements have been prepared, on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when they become susceptible to accrual (i.e., both measurable and available). Available means collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Substantially all revenues, except property taxes, are considered to be susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as expenditures when due.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is that interfund services provided and used within the County are not eliminated in the process of consolidation. Elimination of these services would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Revenues that are generated internally are reported as general revenues, including property taxes.

Proprietary funds present both operating revenues and expenses as well as nonoperating 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 is reported as nonoperating revenue.

The accrual basis of accounting is used for the proprietary fund types and certain component units. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable.

The statements of net assets, statements of activities, and financial statements of proprietary fund types are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized in the accounting period in which they are earned, and expenses in the accounting period in which they are incurred.

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used as an extension of formal budgetary control. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities of the current year and are reappropriated in the budget of the subsequent year. Unencumbered appropriations lapse at the end of the year.

E. Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the Proprietary Fund Types consider temporary investments with maturities of three months or less when purchased to be cash equivalents.

F. Temporary Investments

The County's temporary investments are comprised of U.S. Government Securities and deposits in pooled investment accounts. Obligations with maturities of one year or less when purchased are reported on the balance sheet at their amortized cost, which approximates fair value. All other investments are reported at fair value. The investments in U.S. Government Securities are generally held to maturity.

G. Receivables

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

H. Due to and Due From Other Funds

During the course of operations, transactions occur between individual funds for specified purposes, such as lending/borrowing arrangements or amounts. In addition, the County maintains numerous bank accounts among all the funds and occasionally monies are deposited into the incorrect account. Therefore, a receivable and payable are recorded in the proper funds. These receivables and payables are classified as "due from other funds" or "due to other funds" or "due from component unit/primary government" or "due to component unit/primary government" if the transactions are between the primary government and its component unit.

I. Interfund Transfers

The County maintains numerous special revenue and capital project funds to account separately for monies that have been set aside for particular purposes. Often, these monies are initially budgeted in the General Fund during the annual budget process and are then transferred to various funds during the course of the fiscal year. In addition, when these projects are complete, these same funds often transfer residual monies back to the General Fund or some other fund, as determined where the monies should be returned. These interfund transfers are classified as "transfers in" and "transfers out" within the primary government.

J. Interest Receivable

Interest on investments is recorded as revenue in the year the interest is earned and available to pay liabilities of the current period.

K. Capital Assets

Capital assets used in governmental fund types of the government are recorded as expenditures of the General, Special Revenue and Capital Projects Funds and as assets in the government-wide financial statements to the extent the County's capitalization threshold is met, currently $5,000. 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 both the fund and government-wide levels. All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and resulting gain or loss is included in the results of operations.

The County applies a half-year convention for depreciation on all assets. Therefore, one half of a year of depreciation is charged to operations the first and last year that an asset is in service. Depreciation has been provided for plant and equipment using the straight-line method over the following estimated useful life for the type of assets as follows:

Asset Description	Estimated Useful Life
Vehicles	5 to 7 years
Office Furniture and fixtures	5 to 7 years
Machinery and equipment	7 to 15 years
Buildings, facilities, and land improvements	10 to 39 years
Infrastructure	20 to 40 years

L. Accrued Compensated Absences

All full-time employees accumulate vacation benefits in varying annual number of days up to a maximum of twenty days a year. Accumulated vacation exceeding twenty days lapses on December 31 of each year.

Compensatory time exceeding 240 hours is paid to nonexempt employees except for the nonexempt law enforcement officers who are paid when hours exceed 480. 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. In the event of termination, an employee is not paid for any unused sick leave.

A liability for accrued compensated absences is recorded in the government-wide financial statements.

M. Restricted/Unrestricted Net Assets

It is the County's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

O. Reclassifications

Certain reclassifications to prior year balances have been made to conform to current year presentation. Such reclassifications have had no effect on the excess of revenues over expenditures.

P. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE 2 – DEPOSITS (CASH) AND INVESTMENTS

A. Authorization for Deposits and Investments

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the County.

In accordance with applicable statutes, the County has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the County incurs for banking services received. The County may place funds with the depository in interest and non-interest bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. County policy requires the collateralization level to be at least 100% 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 Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). The investments of the County are in compliance with this policy. State statutes authorize the County to invest in fully collateralized or insured time deposits, direct debt obligations of the United States, and certain repurchase agreements. Investments in security repurchase agreements are authorized when the investment has a defined termination date, is secured by obligations described in the Public Funds Investment Act, is pledged to the County, 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 or national banks domiciled in the State of Texas. The County did not invest in repurchase agreements for the year ended September 30, 2008.

B. Deposit and Investment Amounts

The County's cash and investments are classified as: cash and cash equivalents, and investments. Cash and cash equivalents include cash on hand, deposits with financial institutions, and short-term investments in a privately-managed public funds investment pool account. The investments, which have maturities at purchase of greater than three months, consist mainly of U.S. agency securities.

At September 30, 2008, 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 investments at year-end, excluding Agency Fund:

	Total Fair Value
Cash deposits	$ 35,513,968
Certificate of deposit	380,000
Temporary investments	
MBIA	115,146,315
Texas Term	9,065,809
Farmers Mac Discount Note	45,508,449
Freddie Mac Discount Note	10,374,593
Federal National Mortgage Association Discount Note	2,985,300
Total Cash and investments	$ 218,974,434

Interest Rate Risk
At year-end, the County had the following investments subject to interest rate risk disclosure, under U.S. generally accepted accounting principles:

	Fair Value	Weighted Average Maturity (days)	Percentage of Total Portfolio
Certificate of deposit	$ 380,000	140	0.2%
Temporary Investments			
Investment Pool:			
MBIA	115,146,315	31	62.8%
Texas Term	9,065,809	41	4.9%
Governmental securities:			
Farmers Mac Discount Note	45,508,449	188	24.8%
Freddie Mac Discount Note	10,374,593	353	5.7%
Federal National Mortgage Association Discount Note	2,985,300	176	1.6%
Total Fair Value	$ 183,460,466		
Portfolio weighted average maturity		91	

It's the County's policy to select any individual investment with a maximum stated 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.

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's the County's policy to select investments in order to provide stability of income and reasonable liquidity.

The County's investment in Farmers Mac (FAMC), Freddie Mac (FHLMC) and Federal National Mortgage Association (FNMA) discount notes were rated Aaa by Moody's Investors Service and AAA by Standard and Poor's. The County's investment in the state investment pool via MBIA and Texas Term were rated Aaa by Moody Investments and AAA by Standard and Poor's.

FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – RECEIVABLES
Receivables, including applicable allowances for uncollectible accounts, as of September 30, 2008, are as follows:

	General	Debt Service	Mobility Projects	Other Governmental Funds	Total
Receivables					
Taxes	$ 6,663,643	$ 639,270	$	$ 1,271,052	$ 8,573,965
Grants	8,452,923			1,325,747	9,778,670
Fees & fines	4,319,143				4,319,143
Other	1,156,842	14,953	230	335,955	1,507,980
Gross receivables	20,592,551	654,223	230	2,932,754	24,179,758
Less: allowance for uncollectibles	(666,365)	(63,927)		(127,105)	(857,397)
Total	$ 19,926,186	$ 590,296	$ 230	$ 2,805,649	$ 23,322,361

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of September 30, 2008, the various components of deferred revenue reported in the governmental funds are as follows:

	Unavailable	Unearned
Delinquent property taxes (general fund)	$ 5,997,278	$
Delinquent property taxes (road and bridge fund)	754,457	
Delinquent property taxes (drainage district fund)	389,489	
Delinquent property taxes (debt service fund)	575,343	
Fees and fines	4,319,143	
Grant funds received prior to meeting all eligibility requirements		3,845,318
Total deferred revenue for governmental funds	$ 12,035,710	$ 3,845,318

NOTE 4 – PROPERTY TAXES

The County's tax year covers the period October 1 through September 30. The County's property taxes are levied annually in October on the basis of the Fort Bend Central Appraisal District's (CAD) assessed values as of January 1 of that calendar year. Such taxes become delinquent on February 1 of the subsequent calendar year. The CAD establishes appraised values at 100% of market value less exemptions. The County's property taxes are billed and collected by the County's Tax Assessor/Collector.

A. 2007 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 2008 fiscal year (2007 tax year), the County levied property taxes of $0.51674 per $100 of assessed valuation. The 2007 rates resulted in total tax levies of approximately $173 million based on a total adjusted valuation of approximately $33.5 billion. The total tax rate in the 2007 tax year was prorated as follows:

	2007 Rate	2007 Limit
Fort Bend County, Texas		
General, certain special revenue, and debt service	$ 0.47454	$ 0.80000
Special road & bridge funds	0.02420	0.15000
Fort Bend County Drainage District	0.01800	0.25000
Total Tax Rate	$ 0.51674	$ 1.20000

The tax rate for the Fort Bend Parkway Road District for the 2007 tax year was $0.054425 per $100 of assessed valuation.

B. Fort Bend Central Appraisal District

The Fort Bend Central Appraisal District (CAD), a separate governmental entity, is responsible for the recording and appraisal of property for all taxing units in the County.

The CAD is required by state law to assess property at 100% of its appraised value. Further, real property must be appraised at least every four years. Under certain circumstances, the taxpayers and taxing units, including the County, may challenge orders of the CAD's Appraisal Review Board through various appeals and, if necessary, legal action may be taken.

The Commissioners Court will continue to set the tax rates on the property. State law also provides that, if approved by the qualified voters in the County, collection functions may be assigned to the CAD.

NOTE 5 – INTERFUND ACTIVITY

During the year, cash advances are occasionally made between funds for various projects and situations, which create receivables and payables between these funds. All of these interfund balances are expected to be paid within one year. At September 30, 2008, the interfund receivables and payables were as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 13,043,316	$ 28,681
Debt Service	21,505	
Major Capital Project - Mobility		1,883,052
2007 Facilities Bond		5,730,156
Non-major Governmental Funds	121,790	1,817,462
	13,186,611	9,459,351
Fiduciary Funds	794,104	4,765,317
Internal Service Funds	312,795	68,842
Total Governmental Activity	$ 14,293,510	$ 14,293,510

Interfund transfers

Transfers totaling approximately $9.5 million were made during the year primarily for the purpose of moving unrestricted general 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.

NOTE 6 - CAPITAL ASSETS

A summary of changes in the primary government's capital assets for the year ended September 30, 2008 follows:

	Primary Government			
	Balance 10/01/07	Increases	Decreases	Balance 09/30/08
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 257,953,832	$ 12,642,449		$ 270,596,281
CIP	94,641,784	79,664,301	(41,005,316)	133,300,769
Total cap. assets not depreciated	352,595,616	92,306,750	(41,005,316)	403,897,050
Other capital assets:				
Vehicles	18,665,681	2,731,268	(1,691,851)	19,705,098
Office furniture and equipment	12,639,588	3,861,537	(588,846)	15,912,279
Road Equipment	18,798,587	2,234,167	(464,328)	20,568,426
Buildings, facilities and improvements	108,619,717	1,641,540	(601,784)	109,659,473
Infrastructure	291,702,284	55,492,259		347,194,543
Total other capital assets	450,425,857	65,960,771	(3,346,809)	513,039,819
Less accumulated depreciation for:				
Vehicles	(12,073,684)	(2,070,532)	1,379,748	(12,764,468)
Office furniture and equipment	(8,673,722)	(1,682,661)	433,079	(9,923,304)
Road Equipment	(9,968,490)	(1,246,483)	459,844	(10,755,129)
Buildings, facilities and improvements	(45,646,741)	(2,168,331)	290,890	(47,524,182)
Infrastructure	(81,823,824)	(7,767,615)		(89,591,439)
Total accumulated depreciation	(158,186,461)	(14,935,622)	2,563,561	(170,558,522)
Other capital assets, net	292,239,396	51,025,149	(783,248)	342,481,297
Total Net Assets	$ 644,835,012	$ 143,331,899	$ (41,788,564)	$ 746,378,347

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

FY2008 Depreciation Expense	
General Administration	$ 3,613,906
Financial Administration	40,055
Administration of Justice	449,051
Construction & Maintenance	9,405,562
Health & Welfare	61,316
Cooperative Services	40,151
Public Safety	465,348
Parks & Recreation	860,233
Total FY2008 Depreciation Expense	$ 14,935,622

FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

Construction in progress and remaining commitments under related construction contracts for general government construction projects at September 30, 2008, follows

2008 CONSTRUCTION COSTS						
Project	Budget at 09/30/2008	Adjusted Balance at 9/30/2007	Increases (Retainage included)	Decreases	Encumbrances 9/30/2008	Balance 9/30/2008
Arcola Projects	$ 200,000	$ 39,606	$ 167,142			$ 206,748
CSCD Expansion	179,981		178,540		10,505	178,540
Jail Study	250,000	160,490				160,490
Court Complex Study	396,955	288,095	13,000		3,453	301,095
IT Enhancements	502,983	419,332	14,889		1,143	434,221
SH 36 Park & Ride	593,628	28,105	89,766			117,871
Fresh Water Supply District #1	3,001,734	2,777,964	111,851			2,889,815
F&HC Software Project	4,806,865	3,379,602	1,314,136	(4,693,738)	268,927	
JST Software Project	5,090,330	1,057,680	1,824,489		327,631	2,882,170
HHS Coordinator Center	6,000	2,195			40,745	2,195
UH Library	50,000	25,855				25,855
Pct. 4 Elevator	98,100	115,310	39,823	(155,133)		
Jane Long Renovations	435,500	329,705	8,435			338,140
Hillcroft Reconstruction Project	495,106	431,748				431,748
Parks Upgrades	959,475	900,486	98,253		4,659	998,738
Fairgrounds Renovation Project (2002)	1,008,718	1,004,924		(1,004,924)		
Fairgrounds Renovation Project (2008)	200,000		175,375			175,375
Pct. 3 Relocations	1,491,433	1,405,076	55,787		9,839	1,460,862
Sienna Library Project	1,632,760	475,870	5,810		8,310	481,680
434th District Court Buildout	293,557	109,737	22,047		6,857	131,781
Travis Elevator Renovations	314,983	179,611	126,909	(306,520)		
Vehicle Maintenance Expansion	805,200		377,111		119,329	377,111
5th Street Expansion	390,822	39,900	349,472		10,822	389,371
Fairgrounds Pavillions	250,000		132,156		117,844	132,156
Fort Bend Justice Center	5,500,000		2,686,298		2,563,127	2,686,298
Model Airplane Park	60,000				9,231	
Kitty Park Playground	60,000		37,899		187	37,899
LID #6	3,225,000		2,900,000			2,900,000
Parks Security Lighting	150,000		64,705		21,586	64,705
40 Acre Expansion		24,710				24,710
Mobility Projects	63,280,803	59,730,821	15,770,704	(32,863,271)	8,665,719	42,638,254
Library Building All Branches	82,589	37,258				37,258
FB Parkway Project	91,339	3,705				3,705
Tax Office	3,000,000	42,750	1,178,339		1,357,317	1,221,139
GML Library Renovations	4,000,000		520,941		25,031	520,941
Sugar Land Library (Bond)	10,000,000		182,943		615,576	182,943
S. Post Oak	650,000	6,515	380,237		51,487	386,752
Pct. 1 Facility	3,000,000	53,490	2,229,440		94,650	2,282,930
Pct. 3 Service Center	3,000,000		19,126		49,731	19,126
Fire Marshal/EMS	3,000,000	32,063	63,281		14,040	95,344
Needville Service Center (Bond)	3,500,000		1,617,544			1,617,544
Gus George Academy	4,500,000	24,990	1,693,333		5,270,045	1,718,323
Dew House	250,000	31,050	180,385			211,435
Sienna Library Project (Bond)	10,000,000		397,046		9,155,755	397,046
Facilities Bonds	1,518,180		35,037		4,651	35,037
Jail Expansion	80,000,000	3,359,530	43,366,209		24,671,891	46,725,739
Pct. 2 Service Center	2,100,000	455,826	173,148		252,151	628,974
Bridge Construction	407,106	2,246				2,246
Traffic Signal Project	2,083,970	1,981,729		(1,981,729)		
Traffic Signal Project	1,300,000		222,115		104,837	222,115
Fairgrounds Blvd.	387,000		117,758		1,100	117,758
Needville Service Center	306,518	106,518			690,082	106,518
Rosenberg JJAEP Remodel	75,000	63,343				63,343
BIG CREEK-FBFCWSC	10,603,250	10,603,250	606,503			11,209,753
BIG CREEK	1,784,884	1,784,884	68,052			1,852,936
UPPER OYSTER CREEK	3,125,816	3,125,816	48,219			3,174,036
Total	$ 244,495,585	$ 94,641,781	$ 79,664,301	$ (41,005,315)	$ 54,548,257	$ 133,300,765

A summary of changes in the discretely presented component unit (Fort Bend Toll Road Authority) capital assets for the year ended September 30, 2008 follows

	Discretely Presented Component Units			
	Balance 10/01/07	**Increases**	**Decreases**	**Balance 09/30/08**
Governmental Activities:				
Other capital assets				
Toll Roads	$ 162,677,731	$ 4,100,141	$	$ 166,777,872
Total cap. Assets	162,677,731	4,100,141		166,777,872
Less accumulated depreciation for:				
Toll Roads	5,454,363	4,190,221		9,644,584
Total Net Assets	$ 157,223,368	$ (90,080)	$	$ 157,133,288

Depreciation expense for the Fort Bend Toll Road Authority totaled $4.2 million.

FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT

A. General Obligation Bonds and Certificates of Obligation

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Long-term bonded debt at September 30, 2008 is as follows:

Primary Government

Original Issue	Description	Interest Rate %	Matures	Debt Outstanding
General Obligation Bonds				
$ 25,285,000	Permanent Improvement Refunding Bonds, Series 2003	1.50 - 5.00	2011	$ 11,605,000
5,000,000	Library Permanent Improvement Bonds, Series 1997	4.50 - 6.50	2016	2,865,000
29,000,000	Fort Bend General Obligation Bonds, Series 2001	4.00 - 5.00	2021	26,650,000
30,245,000	Fort Bend General Obligation Bonds, Series 2006	4.00 - 5.00	2026	28,315,000
11,650,000	Fort Bend Flood Control Water Supply Refunding Bonds, Series 2001	2.85 - 5.38	2021	10,550,000
26,000,000	Unlimited Tax Road Bonds, Series 2007	4.00 - 4.25	2027	25,140,000
126,675,000	Facilities Limited Tax Bonds, Series 2007	4.00 - 5.00	2031	126,675,000
	Total Direct General Obligation Bonds			231,800,000
1,520,000	Fort Bend Parkway Road District Unlimited Tax Bonds, Series 1990	8.20 - 8.63	2010	330,000
	Total General Obligation Bonds			$ 232,130,000

A summary of long-term liability transactions of the County for the year ended September 30, 2008, follows:

	October 1, 2007 Balance	Additions	Retirements	September 30, 2008 Balance	Amounts Due Within One Year
General Obligation Bonds	$ 240,350,000	$	$ 8,220,000	$ 232,130,000	$ 8,595,000
Premiums on bonds	6,213,943		299,089	5,914,854	
Totals	246,563,943		8,519,089	238,044,854	8,595,000
Claims and Judgements	3,948,174	21,293,794	19,155,193	6,086,775	5,782,436
Accrued Compensated Absences	5,657,127	200,668	1,004,816	4,852,979	1,213,245
Other Post-Employment Benefit (OPEB) Obligation		24,151,093		24,151,093	
Totals	9,605,301	45,645,555	20,160,009	35,090,847	6,995,681
Total Long Term Liabilities	$ 256,169,244	$ 45,645,555	$ 28,679,098	$ 273,135,701	$ 15,590,681

In prior years, the general fund has generally liquidated other long-term liabilities, including accrued compensated absences.

Annual debt service requirements (excluding accrued compensated absences) to maturity are summarized as follows:

	Principal	Interest	Totals
2009	$ 8,595,000	$ 10,934,837	$ 19,529,837
2010	8,540,000	10,623,016	19,163,016
2011	8,795,000	10,243,668	19,038,668
2012	9,285,000	9,737,111	19,022,111
2013	9,610,000	9,297,462	18,907,462
2014	10,040,000	8,816,004	18,856,004
2015	10,380,000	8,322,016	18,702,016
2016	10,715,000	7,814,876	18,529,876
2017	10,635,000	7,281,732	17,916,732
2018	11,010,000	6,751,285	17,761,285
2019	11,405,000	6,204,035	17,609,035
2020	11,790,000	5,637,835	17,427,835
2021	12,230,000	5,049,766	17,279,766
2022	9,640,000	4,515,101	14,155,101
2023	10,120,000	4,034,049	14,154,049
2024	10,630,000	3,527,806	14,157,806
2025	11,150,000	3,000,069	14,150,069
2026	11,700,000	2,450,447	14,150,447
2027	9,850,000	1,939,738	11,789,738
2028	8,370,000	1,511,688	9,881,688
2029	8,780,000	1,104,375	9,884,375
2030	9,205,000	677,231	9,882,231
2031	9,655,000	229,306	9,884,306
Totals	$ 232,130,000	$ 129,703,453	$ 361,833,453

Discretely presented component unit long-term bonded debt as of September 30, 2008, is listed below:

Discretely Presented Component Units

Original Issue	Description	Interest Rate %	Matures	Debt Outstanding
General Obligation Bonds				
$ 63,695,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2003	4.00 - 5.00	2032	$ 63,695,000
72,195,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2004	3.63 - 5.00	2032	72,195,000
	Total General Obligation Bonds			$ 135,890,000

A summary of long-term liability transactions of the discretely component units for the year ended September 30, 2008, follows:

	October 1, 2007 Balance	Additions	Retirements	September 30, 2008 Balance	Amounts Due Within One Year
General Obligation Bonds	$ 135,890,000	$		$ 135,890,000	$
Premiums on bonds	3,573,880		142,955	3,430,925	
Totals	$ 139,463,880	$	$ 142,955	$ 139,320,925	$

Annual debt service requirements to maturity are summarized as follows:

	Principal	Interest	Totals
2009	$	$ 6,753,432	$ 6,753,432
2010		6,753,432	6,753,432
2011	1,400,000	6,725,432	8,125,432
2012	1,645,000	6,665,741	8,310,741
2013	1,900,000	6,596,050	8,496,050
2014	2,345,000	6,499,425	8,844,425
2015	2,820,000	6,370,300	9,190,300
2016	3,530,000	6,209,138	9,739,138
2017	4,240,000	6,009,488	10,249,488
2018	5,050,000	5,774,250	10,824,250
2019	5,550,000	5,509,250	11,059,250
2020	6,000,000	5,220,500	11,220,500
2021	6,320,000	4,912,500	11,232,500
2022	6,650,000	4,588,250	11,238,250
2023	6,975,000	4,247,625	11,222,625
2024	7,365,000	3,889,125	11,254,125
2025	7,720,000	3,512,000	11,232,000
2026	8,130,000	3,115,750	11,245,750
2027	8,550,000	2,698,750	11,248,750
2028	8,980,000	2,260,500	11,240,500
2029	9,430,000	1,800,250	11,230,250
2030	9,940,000	1,316,000	11,256,000
2031	10,410,000	807,250	11,217,250
2032	10,940,000	273,500	11,213,500
Totals	$ 135,890,000	$ 108,507,938	$ 244,397,938

B. Conduit Debt

The Fort Bend County Housing Finance Corporation is authorized to finance residential housing by issuing tax-exempt revenue bonds to acquire mortgage loans as security for the payment of the principal and interest of such revenue bonds. The tax-exempt bonds issued by the Corporation do not constitute a debt or pledge of faith of the Corporation, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. During 1998, the corporation's first Single Family Mortgage Revenue Bonds (GNMA and FNMA Mortgage-Backed Securities Program) Series 1998 were issued in the amount of $18,750,000. Since then, an additional $79,568,000 of bonds have been issued. As of September 30, 2008, $42,741,883 of total bonds are outstanding.

NOTE 8 – EMPLOYEE RETIREMENT SYSTEM

A. Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 493 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with eight or more years of service, 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 10.13% for calendar year 2008. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

The County's total payroll in fiscal year 2008 was $91.6 million and the County's contributions were based on a payroll of $89.5 million. Contributions made by employees totaled $6.3 million, and the County made contributions of $9.1 million during the fiscal year ended September 30, 2008.

Three year trend information for the Pension Plan is presented below:

	2008	2007	2006
Annual Pension Cost (APC)	$ 9,110,858	$ 8,097,682	$ 7,322,925
Percentage of APC Contributed	100%	100%	100%
NPO at the End of Period			

For the year ended September 30, 2008, the pension cost for the TCDRS plan and the actual contributions made were 9,110,858. Because all contributions are made as required, no pension obligation existed at September 30, 2008.

Actuarial Information	12/31/2007
Actuarial cost method	Entry age
Amortization method	level percentage of payroll, closed of payroll
Amortization period	15 years
Asset valuation method	10-year smoothed value ESF; Fund value
Assumptions:	
Investment return	8.0%
Projected salary increases	5.3%
Inflation	3.5%
Costs-of-living adjustments	0.0%

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 and Security Benefit Life 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

In addition to providing pension benefits through the Texas County and District Retirement System, the County has opted to provide eligible retired employees with the following post-employment benefits:

- Eligible retirees may purchase health insurance from the County's healthcare provider at the County's cost to cover current employees
- Eligible retirees may purchase health insurance for the County's healthcare provider at the County's cost to cover current employees for dependents if the dependents were covered at the point of retirement

The County is statutorily required to permit retiree participation in the health insurance program on a pooled non-differentiated basis. The County recognizes its share of the costs of providing these benefits when paid, on a "pay-as-you-go" basis. These payments are budgeted annually. The County contributed approximately $2.9 million for the fiscal year ending September 30, 2008. At September 30, 2008, there were approximately 333 participants eligible to receive such benefits. Commencing in fiscal 2008, the County has 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 2008 are as follows:

The following table shows the calculation of the Annual Required Contribution and the Net OPEB Obligation.

	Fiscal Year Ending 9/30/2008
Determination of Annual Required Contribution	
Normal Cost at Fiscal Year End	$ 15,005,349
Amortization of Unfunded Actuarial Accrued Liability	11,979,958
Annual Required Contribution	$ 26,985,307
Determination of Net OPEB Obligation	
Annual Required Contribution	$ 26,985,307
Less Assumed Contributions Made	2,834,214
Estimate Increase in Net OPEB Obligation	$ 24,151,093
Net OPEB Obligation – Beginning of Year	$ 0
Net OPEB Obligation – End of Year	$ 24,151,093

The following table shows the annual OPEB cost and net OPEB obligation for the prior 3 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
9/30/2006	N/A	N/A	N/A	N/A
9/30/2007	N/A	N/A	N/A	N/A
9/30/2008	4.0%	$ 26,985,307	10.50%*	$ 24,151,093

NOTE 11 – CONTINGENCIES AND COMMITMENTS

A. Construction Contract Commitments

The County had several capital improvement commitments at September 30, 2008. 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, 2008.

NOTE 12 - 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 (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends, and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses regardless of whether allocated to specific claims. Nonincremental claims adjustment expenses have not been included as part of the liability for claims and judgments. However, estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past two years are as follows:

	Year ended 9/30/2008	Year ended 9/30/2007
Unpaid claims, beginning of year	$ 3,948,174	$ 4,620,146
Incurred claims (including IBNRs)	21,293,794	15,705,862
Claim payments	(19,155,193)	(16,377,834)
Unpaid claims, end of year	$ 6,086,775	$ 3,948,174

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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November 3, 2009

WE HAVE ACTED AS BOND COUNSEL for Fort Bend County, Texas (the "County"), which we also represent on other matters, in connection with an issue of bonds (the "Bonds") described as follows:

> FORT BEND COUNTY, TEXAS UNLIMITED TAX ROAD REFUNDING BONDS, SERIES 2009, dated October 15, 2009, in initial denominations equal to the entire principal amount of each scheduled maturity of the Bonds, aggregating $__________.
>
> The Bonds mature, bear interest and may be transferred and exchanged as set out in the Bonds and in the Order adopted by the Commissioners Court of the County authorizing their issuance (the "Order").

WE HAVE ACTED AS BOND COUNSEL for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the 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 upon certificates executed by officers, agents and representatives of the County. We have assumed no responsibility with respect to the financial condition of the County or the reporting or disclosure thereof in connection with the sale of the Bonds. Our role in connection with the County's Official Statement prepared for use in connection with the sale of the Bonds (the "Official Statement") 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 certified materials pertaining to the Bonds and the bonds being refunded, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the County and of Wells Fargo Bank, N.A., a national banking association (the "Escrow Agent"); the report of Grant Thornton L.L.P., certified public accountants (the "Report"), verifying the sufficiency of the deposits made with the Escrow Agent for defeasance of the bonds being refunded and the mathematical accuracy of certain computations of the yield on the Bonds and obligations acquired with the proceeds of the Bonds; customary certificates of officers, agents, and representatives of the Escrow Agent, the County, and other public officials; and other certified showings relating to the authorization and issuance of the Bonds and the firm banking and financial arrangements for the discharge and final payment of the bonds being refunded. We also have examined executed Bond No. IB-1 of this issue.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that:

(1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and that therefore the Bonds are valid and legally binding obligations of the County, and taxable property in the County is subject to the levy of ad valorem taxes to pay the same.

(2) The transcript of certified proceedings evidences that firm banking and financial arrangements have been made for the discharge and final payment of the bonds being refunded pursuant to an escrow agreement entered into between the County and the Escrow Agent on or effective as of the date of delivery of the Bonds, and that therefore such bonds are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in such escrow agreement.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION that:

(1) Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law.

(2) Interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the County, the County's Financial Advisor and the Underwriter (as defined in the Order) with respect to matters solely within the knowledge of the County, the County's Financial Advisor and the Underwriter, respectively, which we have not independently verified, and have assumed continuing compliance with the covenants in the Order pertaining to those sections of the Code which affect the exclusion from gross income of interest on the 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 covenants of the Order, interest on the Bonds could become includable in gross income from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

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

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

Our opinions 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 our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the County as the taxpayer. We observe that the County has covenanted in the Order not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

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PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT (this "Agreement"), is entered into as of October 6, 2009, by and between Fort Bend County, Texas (the "Issuer"), and Wells Fargo Bank, National Association, a national banking association, duly organized and existing under the laws of the United States of America (hereinafter designated as the "Bank").

RECITALS OF THE ISSUER

The Issuer has duly authorized and provided for the issuance of its bonds, entitled "Fort Bend County, Texas Unlimited Tax Road Refunding Bonds, Series 2009" (the "Bonds") in an aggregate principal amount of $20,780,000, to be issued as fully registered bonds;

All things necessary to make the Bonds the valid obligations of the Issuer, in accordance with their terms, will be done upon the issuance and delivery thereof;

The Issuer and the Bank wish to provide the terms under which the Bank will act as Paying Agent to pay the principal, redemption premium (if any) and interest on the Bonds, in accordance with the terms thereof, and under which the Bank will act as Registrar for the Bonds;

The Issuer and the Bank have duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement a valid agreement of the parties, in accordance with its terms, have been done.

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. Appointment.

The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Bonds, to pay to the Registered Owners of the Bonds in accordance with the terms and provisions of this Agreement and the Bond Order, the principal of, redemption premium (if any), and interest, on all or any of the Bonds.

The Issuer hereby appoints the Bank as Registrar with respect to the Bonds.

The Bank hereby accepts its appointment, and agrees to act as Paying Agent and Registrar.

Section 1.02. Compensation.

As compensation for the Bank's services as Paying Agent and Registrar, the Issuer hereby agrees to pay the Bank the fees set forth in the Bank's fee schedule attached as Exhibit "A" hereto. The Bank reserves the right to amend the fee schedule at any time, provided the Bank shall have furnished the Issuer with a written copy of such amended fee schedule at least 75 days prior to the date that the new fees are to become effective.

ARTICLE TWO

DEFINITIONS

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Bank" means Wells Fargo Bank, National Association, a national banking association duly organized and existing under the laws of the United States of America.

"Bond" or "Bonds" means any one or all of the "$20,780,000 Fort Bend County, Texas Unlimited Tax Road Refunding Bonds, Series 2009."

"Bond Order" means the order of the Issuer approved October 6, 2009, pursuant to which the Bonds are issued.

"Bond Register" means the system of registration kept by the Bank in which are maintained the names and address of, and principal amounts of the Bonds registered to, each Registered Owner.

"DTC" means the Depository Trust Company.

"ET" means Eastern Time Zone.

"Issuer" means Fort Bend County, Texas.

"Paying Agent" means the Bank when it is performing the function of paying agent associated with such term in this Agreement.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government or any entity whatsoever.

"Registered Owner" means a Person whose name and Bond is registered in the Bond Register.

"Registrar" means the Bank when it is performing the function of registrar associated with such term in this Agreement.

All other capitalized terms shall have the meanings assigned in the Bond Order.

ARTICLE THREE

DUTIES OF THE BANK

Section 3.01. Initial Delivery of Bonds.

The Bonds will be initially registered and delivered to the purchaser designated by the Issuer as set forth in the Bond Order. If such purchaser delivers a written request to the Bank not later than five business days prior to the date of initial delivery, the Bank will, on the date of initial delivery, exchange the Bonds initially delivered for Bonds of authorized denominations, registered in accordance with the instructions in such request and the Bond Order.

Section 3.02. Duties of Paying Agent.

As Paying Agent, the Bank shall, provided adequate funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of, redemption premium, if any, and interest, on each Bond in accordance with the provisions of the Bond Order.

Section 3.03. Duties of Registrar.

As Registrar, the Bank shall provide for the proper registration of the Bonds and, in the event the Book-Entry-Only System is discontinued, the exchange, replacement and registration of transfer of the Bonds, in accordance with the provisions of the Bond Order. The Bank will maintain the Bond Register with the Bank's general practices and procedures in effect from time to time.

Section 3.04. Unauthenticated Bonds.

In the event the Book-Entry-Only System is discontinued, the Issuer shall provide an adequate inventory of unauthenticated Bonds to facilitate transfers. The Bank covenants that it will maintain such unauthenticated Bonds in safekeeping and will use reasonable care in maintaining such Bonds in safekeeping, which shall be not less than the care it maintains for debt securities of other government entities or corporations for which it serves as registrar, or which it provides for its own bonds.

Section 3.05. Reports.

The Bank will provide the Issuer reports upon request, which reports will describe in reasonable detail all transactions pertaining to the Bonds and the Bond Register. The Issuer may also inspect and make copies of the information in the books of registration at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the content of the Bond Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a subpoena or court order or as otherwise required by law. Upon receipt of any such subpoena, court order or lawful request for disclosure, the Bank will notify the Issuer immediately so that the Issuer will have the opportunity to, but shall not be required to, contest the subpoena, court order or request.

Section 3.06. Cancelled Bonds.

In the event the Book-Entry-Only System is discontinued, all Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly cancelled by it and, if surrendered to the Issuer, shall be delivered to the Bank and, if not already cancelled, shall be promptly cancelled by the Bank. The Issuer may at any time deliver to the Bank for cancellation any Bonds previously authenticated and delivered which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Bank. All cancelled Bonds held by the Bank shall be destroyed upon the making of proper records and evidence of such destruction furnished to the Issuer upon request; provided, however, that if laws or regulations prohibit the Bank from destroying the cancelled Bonds, the Bank shall return the cancelled Bonds to the Issuer.

Section 3.07. Standards. The Bank undertakes to perform the duties set forth herein and in the Bond Order and agrees to use reasonable care in the performance thereof. The Bank hereby agrees to use the funds deposited with it for payment of the principal of and interest on the Bonds as the same shall become due.

Section 3.08. Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank by the Issuer.

(b) The Bank shall not be liable to the Issuer for actions taken under this Agreement so long as it acts in good faith and exercises due diligence, reasonableness and care, as prescribed by law, with regard to its duties hereunder.

(c) This Agreement is not intended to require the Bank to expend its own funds for performance of any of its duties hereunder.

(d) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys.

Section 3.09. Money Held by Bank.

(a) Money held by the Bank hereunder shall be held in trust for the benefit of the Registered Owners of the Bonds.

(b) The Bank shall be under no obligation to pay interest on any money received by it hereunder.

(c) All money deposited with the Bank hereunder shall be secured in the manner and to the fullest extent required by law for the security of funds of the Issuer.

(d) Except to the extent provided otherwise in the Bond Order, any money deposited with the Bank for the payment of the principal, redemption premium, if any, or interest on any Bond and remaining unclaimed for three years after the date such amounts have become due and payable shall be reported and disposed of by the Bank in accordance with the provisions of Title 6 of the Texas Property Code, as amended, to the extent that such provisions are applicable to such amounts.

Section 3.10 DTC Compliance.

In order for the Bonds to become and remain DTC eligible, the Bank shall, subject to Issuer's obligation below, abide by the requirements stated in the DTC *Operational Arrangements* memorandum dated February, 2002, as such requirements may be amended from time to time. Among other matters, the *Operational Arrangements* require the Bank to provide on the payment date (i) any principal and income payments to DTC in same-day funds by 2:30 p.m. ET, along with supporting CUSIP detail in automated form, (ii) payment detail for income payments by noon, ET and (iii) redemption details and corporate action payments by 2:30 p.m. ET. In order for the Bank to meet such requirements, the Issuer shall remit by 1:00 p.m. ET on payable date funds for all principal and income payments due to the Bank, or at such earlier time as required by the Bank to ensure that DTC will receive payment in same-day funds by 2:30 p.m. ET on the payable date.

ARTICLE FOUR

MISCELLANEOUS PROVISIONS

Section 4.01. Recitals of Issuer. The recitals contained in the Bond Order and the Bonds shall be taken as the statements of Issuer, and the Bank assumes no responsibility for their correctness.

Section 4.02. May Own Bonds.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds with the same rights it would have if it were not the Paying Agent and Registrar for the Bonds.

Section 4.03. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 4.04. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 4.05. Notices.

Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown herein, or such other address as may have been given by one party to the other by 15 days written notice.

Section 4.06. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 4.07. Successors and Assigns.

All covenants and agreements herein by the Issuer and the Bank shall bind their successors and assigns, whether so expressed or not.

Section 4.08. Severability.

If any provision of this Agreement shall be invalid or unenforceable, the validity and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

Section 4.09. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 4.10. Bond Order Governs Conflicts.

This Agreement and the Bond Order constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent and Registrar and if any conflict exists between this Agreement and the Bond Order, the Bond Order shall govern.

Section 4.11. Term and Termination.

This Agreement shall be effective from and after its date for so long as any of the Bonds remain outstanding, but may be terminated for any reason by the Issuer or the Bank at any time upon 30 days written notice; provided, however, that no such termination shall be effective until a successor has been appointed and has accepted the duties of the Bank hereunder. In the event of early termination regardless of circumstances, the Bank shall deliver to the Issuer or its designee all funds, Bonds and all books and records pertaining to the Bank's role as Paying Agent and Registrar with respect to the Bonds, including, but not limited to, the Bond Register.

Section 4.12. Governing Law.

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

EXECUTION PAGE FOLLOWS

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in several copies, each of equal dignity, as of the day and year first above written.

FORT BEND COUNTY, TEXAS

By: ______________________________
County Judge

ATTEST:

ADDRESS: 309 S. Fourth Street, Suite 533
Richmond, Texas 77469

____
County Clerk

WELLS FARGO BANK,
NATIONAL ASSOCIATION

By: ______________________________
Name: JOSE A GAYTAN JR.
Title: VICE PRESIDENT

ATTEST:

ADDRESS: 1021 Main Street, Suite 2403
Houston, Texas 77002

By: ______________________________
Name: DERI WARD
VICE PRESIDENT
Title: ______________________________

255410

WELLS FARGO

Greg L. Stites
Wells Fargo Bank
Corporate Trust Services
400 W. 15th Street, 1st Floor
Austin, Texas 78701
Tel: (512)344-8640
Fax: 1-866-303-5019
Email: greg.l.stites@wellsfargo.com

SCHEDULE OF FEES

$20,780,000
Fort Bend County, Texas;
Unlimited Tax Road Refunding Bonds,
Series 2009

To act as Paying Agent, Registrar, and Refunding Escrow Agent

Acceptance Fee: **WAIVED**

Initial Fees as they relate to Wells Fargo Bank acting in the capacity of Paying Agent/Registrar – includes creation and examination of the Paying Agent/Registrar Agreement; acceptance of the appointment; setting up of Paying Agent/Registrar records and accounting records; and coordination of closing.

The Acceptance Fee is payable at time of Paying Agent/Registrar Agreement execution.

Annual Administration Fee: **$500.00**

For ordinary administration services by Paying Agent/Registrar – includes daily routine account management; investment transactions; cash transaction processing in accordance with the agreement; and mailing of trust account statements to all applicable parties. Float credit received by the bank for receiving funds that remain un-invested are deemed part of the Paying Agent's compensation. The Annual Administration fees are payable in advance, with the first installment due at closing.

Escrow Annual Administration Fee : **$500.00**

For ordinary administration services by Escrow Agent through March 1, 2010; includes daily routine account management; investment transactions; cash transaction processing in accordance with the agreement; and mailing of trust account statements to all applicable parties. Float credit received by the bank for receiving funds that remain un-invested are deemed part of the Paying Agent's compensation. The Administration fees are payable in advance, with the first installment due at closing.

Out of Pocket Expenses:

We only charge for out of pocket expenses in response to specific tasks assigned by the client. Therefore, we cannot anticipate what specific out of pocket items will be needed or what corresponding expenses will be incurred. Possible expenses would be, but are not limited to, express mail and messenger charges, travel expenses to attend closing or other meetings. There are no charges for indirect out of pocket expenses.

This fee schedule is based upon the assumptions listed above which pertain to the responsibilities and risks involved in Wells Fargo undertaking the role of Paying Agent/Registrar. These assumptions are based on information provided to us as of the date of this fee schedule. Our fee schedule is subject to review and acceptance of the final documents. Should any of the assumptions, duties or responsibilities change, we reserve the right to affirm, modify or rescind our fee schedule.

Submitted by: - Greg L. Stites – October 2, 2009
Vice President/Business Development
Wells Fargo Bank, N.A.
Tel: (512)344-8640
PA: 70540 ESC: 70541

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ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated for convenience October 6, 2009, but effective on the Escrow Funding Date defined herein, is made and entered into by and between Fort Bend County, Texas, (together with any successor to its duties and functions, the "County"), and Wells Fargo Bank, N. A., as escrow agent (together with any successor or assign in such capacity, the "Escrow Agent").

WHEREAS, the County has heretofore issued, and there remain outstanding, the County's its $29,000,000 Unlimited Tax Road Bonds, Series 2001 (the "Series 2001 Bonds"); and

WHEREAS, the County desires to advance refund certain portions of the Series 2001 Bonds, in the total aggregate principal amount of $22,550,000 (the "Refunded Bonds"); and

WHEREAS, Chapter 1207 of the Texas Government Code, authorizes and empowers the County to issue, sell and deliver refunding bonds payable from ad valorem taxes and to deposit the proceeds of such bonds, together with other available funds or resources, with a commercial bank that qualifies under Section 1207.061(3), Texas Government Code, in an amount which is sufficient to provide for the payment or redemption of the principal of and interest on the Refunded Bonds; and

WHEREAS, the governing body of the County has adopted an order (the "Refunding Bond Order") authorizing the issuance, sale and delivery of the County's Unlimited Tax Road Refunding Bonds, Series 2009 (the "Refunding Bonds"), for the purpose of providing a portion of the funds necessary to refund, in advance of their maturities, the Refunded Bonds; and

WHEREAS, the governing body of the County has determined to carry out the advanced refunding of the Refunded Bonds pursuant to this Escrow Agreement, under which provision is made for the safekeeping, investment, reinvestment, administration and disposition of the proceeds of the Refunding Bonds, so as to provide firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Bonds;

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the full and timely payment of the principal of and the interest on the Refunded Bonds, the County and the Escrow Agent contract and agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Unless otherwise expressly provided or unless the context clearly requires otherwise, the following terms shall have the respective meanings specified below for all purposes of this Escrow Agreement:

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder and under the Internal Revenue Code of 1954.

"Escrow Fund" means the fund created in Section 3.01 of this Escrow Agreement to be administered by the Escrow Agent pursuant to the provisions of this Escrow Agreement.

"Escrow Funding Date" means on the date which there is deposited with the Escrow Agent the cash and Escrowed Securities described in Section 2.01, which shall be on or before the closing date.

"Escrowed Securities" means direct, noncallable, nonprepayable United States Treasury Obligations or State and Local Government Series, originally purchased with proceeds of the Refunding Bonds or with funds other than proceeds of the Refunding Bonds, as more fully described in the Report, together with all reinvestments of the proceeds thereof as contemplated and required by the provisions of this Escrow Agreement and the Report.

"Paying Agent for the Refunded Bonds" mean the paying agent identified in the order authorizing the issuance of the Series 2001 Bonds, and any successors in such capacity.

"Refunded Bond Order" means the County's order adopted March 29, 2001, authorizing the issuance, sale and delivery of the Refunded Bonds.

"Refunded Bonds" means that portion of the $29,000,000 Unlimited Tax Road Bonds, Series 2001, maturing on March 1 in each of the years 2011 through 2021, inclusive, in the aggregate principal amount of $22,550,000.

"Report" means the verification report prepared by Grant Thornton L.L.P., certified public accountants, relating to the advance refunding of the Refunded Bonds, a copy of which is attached hereto as Exhibit "A."

Section 1.02. Interpretations. The titles and headings of the articles and sections of this Escrow Agreement 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 the terms hereof. This Escrow Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Bonds in accordance with applicable law.

ARTICLE II

DEPOSIT OF FUNDS AND ESCROWED SECURITIES

Section 2.01. Deposits with Escrow Agent; Acquisition of Escrowed Securities. On the Escrow Funding Date the County will deposit, or cause to be deposited, with the Escrow Agent the Escrowed Securities, a sum from its debt service fund, along with a beginning cash balance identified in the Report.

ARTICLE III

CREATION AND OPERATION OF ESCROW FUND

Section 3.01. Escrow Fund. On the Escrow Funding Date the Escrow Agent will create on its books a special fund and irrevocable escrow to be known as "Fort Bend County, Texas Unlimited Tax Road Refunding Bonds, Series 2009, Escrow Fund," into which will be deposited the cash and Escrowed Securities described in Section 2.01. The Escrowed Securities, all proceeds therefrom and all cash balances from time to time on deposit in the Escrow Fund shall be the property of the Escrow Fund and shall be applied only in strict conformity with the terms and conditions hereof. The Escrowed Securities, all proceeds therefrom and all cash balances from time to time on deposit in the Escrow Fund are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds, which payment shall be made by timely transfers to the Paying Agent for the Refunded Bonds of such amounts at such times as are provided in Section 3.02 hereof. When the final transfers have been made to the Paying Agent for the Refunded Bonds for the payment of such principal of and interest on the Refunded Bonds, any balance then remaining in the Escrow Fund shall be transferred to the County, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.02. Payment of Refunded Bonds. (a) The Escrow Agent is hereby irrevocably instructed to transfer to the Paying Agent for the Refunded Bonds from the cash balance from time to time on deposit in the Escrow Fund the amounts required to pay the principal of and interest on the Refunded Bonds as the same become due and payable or are redeemed prior to maturity, all as provided herein, in the Refunding Bond Order and in the Report.

(b) Money transferred to and held by the Paying Agent for the Refunded Bonds in accordance with the provisions hereof shall be held by the Paying Agent for the Refunded Bonds as a separate trust fund for the account of the respective holders of the Refunded Bonds in connection with which such money is held; provided, however, that amounts so held by the Paying Agent for the Refunded Bonds remaining unclaimed by the owners of such Refunded Bonds after the expiration of three years after the dates such amounts have become due and payable shall be reported and disposed of by such Paying Agent in accordance with the provisions of Texas law, including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

Section 3.03. Sufficiency of Escrow Fund. The County represents (based upon the Report) that the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide money for transfer to the Paying Agent for the Refunded Bonds at the times and in the amounts required to pay the interest on the Refunded Bonds as such interest comes due and to pay the principal or redemption price of the Refunded Bonds as the Refunded Bonds mature or are redeemed, all as more fully set forth in the Report. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required to make the payments set forth in Section 3.02 hereof, the County shall timely deposit into the Escrow Fund, from lawfully available funds, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not be responsible for any insufficiency of funds in the Escrow Fund or the County's failure to make additional deposits thereto.

Section 3.04. Escrow Fund. The Escrow Agent at all times shall hold the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund always shall be maintained by the Escrow Agent for the benefit of the holders of the Refunded Bonds, and a special account thereof evidencing such fact shall be maintained at all times on the books of the Escrow Agent. The holders of the Refunded Bonds shall be entitled to a preferred claim and first lien on the Escrowed Securities, the proceeds thereof and all other assets of the Escrow Fund. The amounts received by the Escrow Agent under this Escrow Agreement shall not be considered as a banking deposit by the County, and the Escrow Agent shall have no right or title with respect thereto except as escrow agent under the terms hereof. The amounts received by the Escrow Agent hereunder shall not be subject to warrants, drafts or checks drawn by the County.

Section 3.05. Security for Cash Balances. Cash balances from time to time on deposit in the Escrow Fund, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, shall be continuously secured by a pledge of direct obligations of, or obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

Section 3.06. Escheatment. Subject to the unclaimed property law of the State of Texas, except to the extent provided otherwise in the Bond Order, any money deposited with the Escrow Agent for the payment of the principal, redemption premium, if any, or interest on any Bond and remaining unclaimed for three years after the final maturity of the Bond has become due and payable shall be reported and disposed of by the Escrow Agent in accordance provision of Title 6 of the Texas Property Code, as amended, to the extent that such provisions are applicable to such amounts, and all liability of the Escrow Agent with respect to such funds shall thereupon cease.

ARTICLE IV

LIMITATION ON INVESTMENTS

Section 4.01. General. Except as herein otherwise expressly provided, the Escrow Agent shall not have any power or duty to invest any money held hereunder; or to make substitutions of the Escrowed Securities; or to sell, transfer or otherwise dispose of the Escrowed Securities.

Section 4.02. Reinvestment of Escrowed Securities. The Escrow Agent shall reinvest proceeds received from the Escrowed Securities in United States Treasury Obligations or State and Local Government Series at the times, in the amounts, bearing interest at the rates, and for the periods set out in the Report.

Section 4.03. Substitution of Securities. (a) Concurrently with the sale and delivery of the Refunding Bonds, the County, at its option, may substitute cash or non-interest bearing obligations of the United States Treasury (i.e., Treasury obligations which mature and are payable in a stated amount on the maturity date thereof, and for which there are no payments other than the payment made on the maturity date) for non-interest bearing Escrowed Securities, if any, listed in the Report attached hereto, but only if such cash and/or substituted non-interest bearing direct obligations of the United States Treasury:

(i) are in an amount, and/or mature in an amount, which, together with any cash substituted for such obligations, is equal to or greater than the amount payable on the maturity date of the obligation listed in the Report for which such obligation is substituted; and

(ii) mature on or before the maturity date of the obligation listed in the Report for which such obligation is substituted.

The County may at any time substitute any Escrowed Securities which, as permitted by the preceding sentence, were not deposited to the credit of the Escrow Fund, for the cash and/or obligations that were substituted concurrently with the sale and delivery of the Refunding Bonds for such Escrowed Securities.

(b) At the written request of the County, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer, otherwise dispose of or request the redemption of all or any portion of the Escrowed Securities and apply the proceeds therefrom to purchase Refunded Bonds or direct, nonprepayable obligations of, or nonprepayable obligations, the principal of and interest on which are unconditionally guaranteed by, the United States of America and which do not permit the redemption thereof at the option of the obligor. Any such transaction may be effected by the Escrow Agent only if (1) the Escrow Agent shall have received a written opinion from a recognized firm of certified public accountants that such transaction will not cause the amount of money and securities in the Escrow Fund to be reduced below an amount which will be sufficient, without further investment or reinvestment of either principal amount thereof or interest earnings thereon, when added to the interest to accrue thereon, to provide for the payment of principal of and interest on the remaining Refunded Bonds as they become due, and (2) the Escrow Agent shall have received the unqualified written legal opinion of nationally recognized bond counsel or tax counsel acceptable to the County and the Escrow Agent to the effect that (i) such transaction will not cause any of the Refunding Bonds to be an "arbitrage bond" within the meaning of the Code, and (ii) that such transaction complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the affected series of Refunded Bonds and the Refunding Bonds.

ARTICLE V

RECORDS AND REPORTS

Section 5.01. Records. The Escrow Agent shall keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the County and the holders of the Refunded Bonds.

Section 5.02. Reports. For the period beginning on the date hereof and ending on September 30, 2010, and for each 12 month period thereafter while this Escrow Agreement remains in effect, the Escrow Agent shall prepare and send to the County, at the County's request, within 30 days following the end of such period, a written report summarizing all transactions relating to the Escrow Fund during such period, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund to the Paying Agent for the Refunded Bonds, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

Section 5.03. Notification. The Escrow Agent shall notify the County immediately if at any time during the term of this Escrow Agreement it determines that the cash and Escrowed Securities in the Escrow Fund is not sufficient to provide for the transfer to the Paying Agent for the Refunded Bonds for timely payment of all interest on and principal of the Refunded Bonds.

ARTICLE VI

CONCERNING THE ESCROW AGENT

Section 6.01. Representations of Escrow Agent. Wells Fargo Bank, N.A., hereby represents that it has all necessary power and authority to enter into this Escrow Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 6.02. Limitation on Liability. The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in the exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Escrow Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own neglect or default, nor for any loss unless the same shall have been through its negligence or want of good faith.

The liability of the Escrow Agent to transfer funds to the Paying Agent for the Refunded Bonds for the payment of the principal of and interest on the Refunded Bonds shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, neither the Escrow Agent nor the Paying Agent for the Refunded Bonds shall have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligor of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the County promptly of any such occurrence.

The recitals, both herein and in the proceedings authorizing the Refunding Bonds, shall be taken as the statements of the County and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Escrow Agreement.

The Escrow Agent makes no representation as to the accuracy of the Report, the value, condition or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the County thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility with respect to any of such matters.

In the absence of bad faith, the Escrow Agent may rely conclusively upon the truth, completeness and accuracy of the statements, certificates, opinions, orders and other documents conforming to the requirements of this Escrow Agreement, and shall not be obligated to make any independent investigation with respect thereto.

It is the intention of the County and the Escrow Agent that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

Unless it is specifically provided otherwise herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the County with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund and to dispose of and deliver the same in accordance with this Escrow Agreement. If, however, the Escrow Agent is called upon by the terms of this Escrow Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the County or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of and consult with the County, among others, at any time.

The Escrow Agent shall be protected in acting upon any notice, order, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Escrow Agent may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith.

To the full extent permitted by law, the County agrees to indemnify, defend and hold the Escrow Agent harmless from and against any and all loss, damage, tax, liability and expense that may be incurred by the Escrow Agent arising out of or in connection with its acceptance or appointment as Escrow Agent hereunder, including attorneys fees and expenses of defending itself against any claim or liability in connection with its performance hereunder, except that the Escrow Agent shall not be indemnified for any loss, damage, tax liability, or expense resulting from its own negligence.

Section 6.03. Compensation. On the Escrow Funding Date the County will pay to the Escrow Agent the sum of $500.00, for performing the services hereunder (excluding out of pocket expenses, costs of publication, and printing costs incurred or to be incurred by the Escrow Agent in the administration of the Escrow Agreement). Said fee does not include the paying agent fees for the Refunding Bonds. The Bank of New York Mellon Trust Company, N.A. will continue to act as Paying Agent for the Refunded Bonds for the life of said Refunded Bonds, and will bill fees for that service according to existing fee schedules, with the sole remedy for nonpayment being an action for amounts owing under the Paying Agent/Registrar Agreement for the Series 2001 Bonds. If the Escrow Agent is requested to perform any extraordinary services hereunder, the County hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services. It is expressly provided that the Escrow Agent shall look only to the County for the payment of such additional fees and reimbursement of such additional expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular, additional or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses.

Section 6.04. Successor Escrow Agents. If at any time the Escrow Agent or its legal successor or successors should be unable, by operation of law or otherwise, to act as escrow agent hereunder, a vacancy shall forthwith exist hereunder in the office of the escrow agent, and the County shall appoint an escrow agent to fill such vacancy. Any successor escrow agent appointed by the County shall be qualified to act under Chapter 1207 of the Texas Government Code, and shall succeed, without further act, to all the rights, immunities, powers and trusts of the predecessor escrow agent hereunder. Upon the request of any such successor escrow agent, the County shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor escrow agent all such immunities, rights, powers and duties. The Escrow Agent shall pay over to its successor a proportional part of the Escrow Agent's fee hereunder equal to the portion of such fee attributable to duties to be performed after the date of succession. Upon any resignation of the Escrow Agent, the Escrow Agent reserves the right to petition a court of competent jurisdiction to appoint a successor escrow agent.

Section 6.05. Consequential Damages. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable to the County for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of such loss or damage and regardless of the form of action.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Notices. Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid, addressed as follows:

To the Escrow Agent:
Wells Fargo Bank, N.A.
1021 Main Street, Suite 2403
Houston, Texas 77002

To the County:
Fort Bend County, Texas
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway
Suite 2600
Houston, Texas 77027
Attention: Greer Pagan

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other party not less than ten days prior notice thereof.

Section 7.02. Termination of Escrow Agent's Obligations. Upon the taking by the Escrow Agent of all the actions as described herein, the Escrow Agent shall have no further obligations or responsibilities hereunder to the County, the holders of the Refunded Bonds or to any other person or persons in connection with this Escrow Agreement.

Section 7.03. Binding Agreement. This Escrow Agreement shall be binding upon the parties hereto and their respective successors and legal representatives, and shall inure solely to the benefit of the holders of the Refunded Bonds, the parties hereto, and the Paying Agent for the Refunded Bonds and their respective successors and legal representatives.

Section 7.04. Severability. In case any one or more of the provisions contained in this Escrow Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Escrow Agreement, but this Escrow Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 7.05. Governing Law. This Escrow Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

Section 7.06. Time of Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Escrow Agreement.

[Execution Page Follows]

Executed as of October 6, 2009, but effective as set forth herein.

FORT BEND COUNTY, TEXAS

County Judge,
Fort Bend County, Texas

ATTEST:

County Clerk
Fort Bend County, Texas

(SEAL)

WELLS FARGO BANK, N.A., as Escrow Agent

By:
Name: JOSE A GAYTAN JR.
Title: VICE PRESIDENT

ATTEST:

By:
Name: DERI WARD
Title: VICE PRESIDENT

(SEAL)

WELLS FARGO BANK, N.A. CORPORATE SEAL

255408

7

WELLS FARGO

Wells Fargo Bank, N.A.
Corporate Trust Services

Certified Copy of General Signature Resolution Relating to Execution of Written Instruments

I, Patricia Aston, 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 10/6/09, the following named person is/was a duly appointed, qualified and acting Signing Officer 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
Pamela M. Black	Vice President	
Jose Gaytan	Vice President	
Patrick Giordano	Vice President	
Letha Glover	Vice President	
Greg Hasty	Vice President	
Josie Hixon	Vice President	
Sandra Y. Jones	Assistant Vice President	Sandra Y Jones
Kevin O'Brien	Assistant Vice President	
Sherri Owen	Vice President	Sherri Owen
Nancye C. Patterson	Vice President	
Amy C. Perkins	Vice President	
Greg L. Stites	Vice President	
John C. Stohlmann	Vice President	
Kathleen R. Wagner	Vice President	
Deirdre H. Ward	Vice President	
Cheri D. Whitford	Assistant Vice President	Cheri D Whitford

IN WITNESS WHEREOF, I have hereunto signed my name this 10/6/09.

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.]

Wells Fargo Bank, N.A.
Corporate Trust Services

Certified Copy of General Signature Resolution Relating to Execution of Written Instruments

I, Patricia Aston, 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 following named person is/was a duly appointed, qualified and acting Signing Officer 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
Pamela M. Black	Vice President	
Jose Gaytan	Vice President	
Patrick Giordano	Vice President	
Letha Glover	Vice President	Letha Glover
Greg Hasty	Vice President	
Josie Hixon	Vice President	
Sandra Y. Jones	Assistant Vice President	Sandra Y. Jones
Kevin O'Brien	Assistant Vice President	
Sherri Owen	Vice President	Sherri Owen
Nancye C. Patterson	Vice President	
Amy C. Perkins	Vice President	
Greg L. Stites	Vice President	
John C. Stohlmann	Vice President	
Kathleen R. Wagner	Vice President	
Deirdre H. Ward	Vice President	Deirdre H. Ward
Cheri D. Whitford	Assistant Vice President	Cheri D. Whitford

IN WITNESS WHEREOF, I have hereunto signed my name this

______________________________.

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.]

WELLS FARGO

Wells Fargo Bank, N.A.
Corporate Trust Services

Certified Copy of General Signature Resolution Relating to Execution of Written Instruments

I, Patricia Aston, 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 following named person is/was a duly appointed, qualified and acting Signing Officer 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
Pamela M. Black	Vice President	
Jose Gaytan	Vice President	
Patrick Giordano	Vice President	
Letha Glover	Vice President	
Greg Hasty	Vice President	
Josie Hixon	Vice President	
Sandra Y. Jones	Assistant Vice President	
Kevin O'Brien	Assistant Vice President	
Sherri Owen	Vice President	
Nancye C. Patterson	Vice President	
Amy C. Perkins	Vice President	
Greg L. Stites	Vice President	
John C. Stohlmann	Vice President	
Kathleen R. Wagner	Vice President	
Deirdre H. Ward	Vice President	
Cheri D. Whitford	Assistant Vice President	

IN WITNESS WHEREOF, I have hereunto signed my name this

______________________________.

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.]

8

CERTIFICATE FOR ORDER

THE STATE OF TEXAS §
§
COUNTY OF FORT BEND §

We, the undersigned officers of the Commissioners Court of Fort Bend County, Texas, hereby certify as follows:

1. The Commissioners Court of Fort Bend County, Texas, convened at a regular meeting of said Court at the Fort Bend County Courthouse in the City of Richmond, Texas, on the 6th day of October, 2009, 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 OF THE FORT BEND COUNTY, TEXAS, UNLIMITED TAX ROAD REFUNDING BONDS, SERIES 2009

was duly introduced for the consideration of the Commissioners Court and read in full. It was then duly moved and seconded that said order be adopted; and, after due discussion, said motion, carrying with it the adoption of said order, prevailed and carried by the following vote:

AYES: All members shown present above voted Aye.

NOES: None.

2. A true, full and correct copy of the aforesaid order adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said order has been duly recorded in the Commissioners Court's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the Commissioners Court's minutes of said meeting pertaining to the adoption of said order; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Commissioners Court as indicated therein; that each of the officers and members of the Commissioners Court was duly and sufficiently notified officially and personally, in

advance, of the date, hour, place and purpose of the aforesaid meeting, and that said order would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose; that said meeting was open to the public as required by law; and that public notice of the date, hour, place and subject of said meeting was given as required by the Texas Open Meetings Act.

SIGNED AND SEALED this 6th day of October, 2009.

County Clerk	County Judge

(SEAL)

ORDER AUTHORIZING THE ISSUANCE OF THE
FORT BEND COUNTY, TEXAS,
UNLIMITED TAX ROAD EFUNDING BONDS, SERIES 2009

THE STATE OF TEXAS §
§
COUNTY OF FORT BEND §

WHEREAS, the County desires to currently refund certain portions of the Unlimited Tax Road Bonds, Series 2001 (the "Refunded Bonds"), in advance of their maturities as provided herein; and

WHEREAS, Chapter 1207 of the Texas Government Code, as amended, provides that the County is authorized to issue refunding bonds for the purpose of refunding the Refunded Bonds in advance of their maturities, and to accomplish such refunding by depositing directly with a paying agent for the Refunded Bonds the proceeds of such refunding bonds, together with other available funds, in an amount adequate to provide for the payment or redemption of the Refunded Bonds, and that such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Bonds; and

WHEREAS, the District desires to enter into an escrow agreement (the "Escrow Agreement") with Wells Fargo Bank, N.A. (the "Escrow Agent"), as authorized by Chapter 1207 of The Texas Government Code, pursuant to which proceeds of the refunding bonds herein authorized, together with other available funds, will be deposited, invested and applied in a manner adequate to provide for the full and timely payment of all interest on and principal of the Refunded Bonds; and

WHEREAS, upon the issuance of the refunding bonds herein authorized and the creation of the escrow referred to above, the Refunded Bonds shall no longer be regarded as being outstanding, except for the purpose of being paid pursuant to such Escrow Agreement, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the resolutions authorizing the issuance of the Refunded Bonds shall be, with respect to the Refunded Bonds, discharged, terminated and defeased;

Now, Therefore

BE IT ORDERED, ADJUDGED AND DECREED BY THE COMMISSIONERS COURT OF FORT BEND COUNTY, TEXAS:

1. Recitals. It is hereby found and determined that the matters and facts set out in the preamble to this Order are true and correct.

2. Definitions. Throughout this Order the following terms and expressions as used herein shall have the meanings set forth below:

"Act" means Chapter 1201, Texas Government Code, as amended, and Chapter 1207, Texas Government Code, as amended.

"Attorney General" means the Attorney General of the State of Texas.

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

"Bond" or "Bonds" mean the $20,780,000 Fort Bend County, Texas, Unlimited Tax Road Refunding Bonds, Series 2009 authorized in this Order, unless the context clearly indicates otherwise.

"Bond Purchase Agreement" means the contract between the County and the Underwriter described in Section 22 of this Order.

"Business Day" means any day which is not a Saturday, Sunday, a day on which banking institutions in Houston, Texas, are authorized by law or executive order to close, or a legal holiday.

"Chapter 1207" means Chapter 1207, Texas Government Code, as amended.

"Closing Date" means the date of the initial delivery of and payment for the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended.

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

"County" means Fort Bend County, Texas.

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

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

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

"Initial Bond" means the Initial Bond authorized by Section 5.

"Interest and Sinking Fund" means the interest and sinking fund established by the County pursuant to Section 20 of this Order.

"Interest Payment Date", when used in connection with any Bond, means March 1, 2010, and each September 1 and March 1 thereafter until maturity or earlier redemption.

"MSRB" means the Municipal Securities Rulemaking Board.

"Order" as used herein and in the Bonds means this order authorizing the Bonds.

"Owner" means any person who shall be the registered owner of any outstanding Bond.

"Record Date" means, for any Interest Payment Date, the close of business on the 15th day of the calendar month next preceding such Interest Payment Date.

"Refunded Bonds" means the outstanding portion of the $29,000,000 Unlimited Tax Road Bonds, Series 2001, maturing on March 1 in each of the years 2011, through 2021, inclusive, in the aggregate principal amount of $22,550,000.

"Register" means the books of registration kept by the Registrar in which are maintained the names and addresses of and the principal amounts registered to each Owner.

"Registrar" means Wells Fargo Bank, N.A., and its successors in that capacity.

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

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

"Underwriter" means collectively Morgan Keegan & Company, Inc. and Siebert Brandford Shank & Co., LLC.

3. Authorization. The Bonds shall be issued pursuant to the Act in fully registered form, without coupons, in the total authorized principal amount of TWENTY

MILLION SEVEN HUNDRED EIGHTY THOUSAND DOLLARS ($20,780,000) for the following purposes of refunding certain obligations of the County.

It is hereby found and determined that such refunding will benefit the County by providing a gross savings of $2,726,176.54, and a net present value savings of $2,384,243.43 in the debt service payable by the County, that such benefit is sufficient consideration for the refunding of the Refunded Bonds, and that the refunding of the Refunded Bonds is in the best interest of the County.

4. Designation, Date, and Interest Payment Dates. The Bonds shall be designated as the "FORT BEND COUNTY, TEXAS UNLIMITED TAX ROAD REFUNDING BONDS, SERIES 2009," and shall be dated October 15, 2009. The Bonds shall bear interest at the rates set out in Section 5 of this Order, from the later of October 15, 2009, or the most recent Interest Payment Date to which interest has been paid or duly provided for, calculated on the basis of a 360 day year of twelve 30 day months.

5. Initial Bonds: Numbers and Denominations. The Bonds shall be issued in the principal amounts and bearing interest at the rates set forth in the following schedule, and may be transferred and exchanged as set out in this Order. The Bonds shall mature on March 1 in each of the years and in the amounts set out in such schedule. The Initial Bond shall be numbered IB-1 and all other Bonds shall be numbered in sequence beginning with R-1 Bonds delivered on transfer of or in exchange for other Bonds shall be numbered in order of their authentication by the Registrar, 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 Bond or Bonds in lieu of which they are delivered.

Year	Principal Amount	Interest Rate
2011	$2,020,000	4.000%
2012	1,985,000	3.000
2013	1,950,000	4.000
2014	1,925,000	4.000
2015	1,905,000	4.000
2016	1,880,000	4.000
2017	1,850,000	4.000
2018	1,835,000	5.000
2019	1,820,000	5.000
2020	1,810,000	5.000
2021	1,800,000	5.000

6. Execution and Registration of Bonds. (a) The Bonds shall be signed by the County Judge, countersigned by the County Clerk, and registered by the County

Treasurer by their manual, lithographed, or facsimile signatures, and the official seal of the Commissioners Court shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the County had been manually impressed upon each of the Bonds.

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

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Order unless and until there appears thereon the Registrar's Authentication Certificate substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Registrar. In lieu of the executed Registrar's Authentication Certificate described above, the Initial Bond delivered at the Closing Date shall have attached hereto the Comptroller's Registration Certificate substantially in the form provided herein, 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.

(d) On the Closing Date, the Initial Bond, being a single bond representing the entire principal amount of the Bonds, payable in stated installments to the Underwriter or its designee, executed by manual or facsimile signature of the County Judge, County Clerk and 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 Bonds to the Registrar.

7. Payment of Principal and Interest. The Registrar is hereby appointed as the paying agent for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they become due and payable, whether at maturity or by prior redemption, at the principal payment office of the Registrar in Houston, Texas. The interest on each Bond shall be payable by check payable on the Interest Payment Date, mailed by the Registrar on or before each Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register.

If the date for payment of the principal of or interest on any Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day, with the same force and effect as if made on the original date payment was due.

8. Successor Registrars. The County covenants that at all times while any Bonds are outstanding it will provide a commercial bank or trust company, organized under the laws of the United States or any state and authorized to serve as and perform the duties and services of Registrar for the Bonds. The County reserves the right to change the Registrar on not less than 60 days written notice to the Registrar, so long as any such notice is effective not less than 60 days prior to the next succeeding principal or interest payment date on the Bonds. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or copies thereof to the new Registrar, and the new Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

9. Special Record Date. If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for thirty (30) days thereafter, the Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the County. Such Special Record Date shall be fifteen (15) days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class postage prepaid, not later than five (5) days prior to the Special Record Date, to each affected Owner of record as of the close of business on the day prior to the mailing of such notice.

10. Book-Entry Only System.

(a) The Initial Bond shall be registered in the name of Cede & Co. Except as provided in Section 11 hereof, all other Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the County and the Registrar 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 Bonds, except as provided in this Order. Without limiting the immediately preceding sentence, the County and the Registrar 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 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 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 Bonds. Notwithstanding any other provision of this Order to the contrary, the County and the Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Owner of such Bond for the purpose of payment of principal of and interest on the 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 Bond, and for all other purposes whatsoever. The Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Order, 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 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 Bond certificate evidencing the obligation of the County to make payments of amounts due pursuant to this Order. Upon delivery by DTC to the Registrar 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 Order with respect to interest checks being mailed to the Owner of record as of the Record Date, the phrase "Cede & Co." in this Order shall refer to such new nominee of DTC.

(c) The execution and delivery of the Blanket Issuer Letter of Representations is hereby approved with such changes as may be approved by the Commissioners Court and the County Auditor is hereby authorized and directed to execute such Blanket Issuer Letter of Representations.

11. Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the County, in its sole discretion, determines that the beneficial owners of the Bonds shall be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, 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 Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the 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 Bonds shall designate, in accordance with the provisions of this Order.

12. Payments to Cede & Co. Notwithstanding any other provision of this Order to the contrary, so long as any 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 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.

13. Ownership Unclaimed Principal and Interest. The County, the Registrar and any other person may treat the person in whose name any Bond is registered as the absolute Owner of such Bond for the purpose of making payment of principal or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the County nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the County and the Registrar upon such Bond to the extent of the sums paid.

Amounts held by the Registrar which represent principal of and interest on the Bonds remaining unclaimed by the Owner after the expiration of three years from the date such amounts have become due and payable shall be reported and disposed of by the Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

14. Registration, Transfer, and Exchange. So long as any Bonds remain outstanding, the Registrar shall keep the Register at the principal payment office of the Registrar in Houston, Texas, and, subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of this Order.

Each Bond shall be transferable only upon the presentation and surrender thereof at the principal payment office of the Registrar in Houston, Texas, duly endorsed for transfer, or accompanied by an assignment duly executed by the registered Owner or his authorized representative in form satisfactory to the Registrar. Upon due presentation of any Bond for transfer, the Registrar shall authenticate and deliver in exchange therefor, within three (3) Business Days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the principal office of the Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section. Each Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The County or the Registrar may require the Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Registrar for such transfer or exchange shall be paid by the County.

15. Mutilated Lost or Stolen Bonds. Upon the presentation and surrender to the Registrar of a mutilated Bond, the Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the County, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authorize and the Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding.

The County or the Registrar may require the Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Registrar.

The County or the Registrar may require the Owner of a lost, apparently destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

(1) furnish to the County and the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;

(2) furnish such security or indemnity as may be required by the Registrar and the County to save them harmless;

(3) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar and any tax or other governmental charge that may be imposed; and

(4) meet any other reasonable requirements of the County and the Registrar.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the County and the Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the County or the Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the County in its discretion may, instead of issuing a replacement Bond, authorize the Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

16. Cancellation of Bonds. All Bonds paid in accordance with this Order, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be canceled and destroyed upon the making of proper records regarding such payment. The Registrar shall furnish the County with appropriate certificates of destruction of such Bonds.

17. Optional Redemption. The Bonds are subject to optional redemption as set forth in the Form of Bond in this Order.

Principal amounts may be redeemed only in integral multiples of $5,000. If a Bond subject to redemption is in a denomination larger than $5,000, a portion of such Bond may be redeemed, but only in integral multiples of $5,000. Upon surrender of any Bond for redemption in part, the Registrar, in accordance with Section 14 hereof, shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Registrar at least thirty days prior to the date fixed for redemption by sending written notice by first class mail to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds outstanding of a particular maturity are to be redeemed, the numbers of the Bonds or portions thereof of such maturity to be redeemed. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

18. Forms. The form of the Bonds, including the form of the Registrar's Authentication Certificate, the form of Registration Certificate of the Comptroller, the form of Assignment, and the form of Statement of Insurance shall be, respectively, substantially as follows, with such additions, deletions and variations as may be necessary or desirable and not prohibited by this Order:

(a) Form of Bond.

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF FORT BEND

REGISTERED NUMBER __________	REGISTERED DENOMINATION $____________

FORT BEND COUNTY, TEXAS
UNLIMITED TAX ROAD REFUNDING BONDS
SERIES 2009

INTEREST RATE:	MATURITY DATE:	ISSUE DATE:	CUSIP:
	March 1, 20___	October 15, 2009	

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

Fort Bend County, Texas (the "County"), 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 "Registrar"), at its principal payment office in Houston, Texas, 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 October 15, 2009, 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, 2010, and semiannually thereafter on each September 1 and March 1, mailed to the registered owner as shown on the books of registration kept by the Registrar as of the close of business on the 15th day of the calendar month next preceding each interest payment date.

THIS BOND is one of a duly authorized issue of Bonds, aggregating $20,780,000 (the "Bonds"), issued to refund certain obligations of the County, under and in strict conformity with the Constitution and laws of the State of Texas, and pursuant to an order adopted by the Commissioners Court (the "Order"), which Order is of record in the official minutes of the Commissioners Court.

THE COUNTY RESERVES THE RIGHT to redeem the Bonds scheduled to mature on or after March 1, 2019, prior to maturity, in whole or from time to time in part, in integral multiples of $5,000, on March 1, 2018, 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 Order for complete details concerning the manner of redeeming the Bonds.

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 Bond to be redeemed in whole or in part at the address shown on the books of registration kept by the Registrar. When 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 principal payment office of the Registrar in Houston, 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 Order.

THE BONDS are exchangeable at the principal payment office of the Registrar in Houston, Texas, for Bonds in the principal amount of $5,000 or any integral multiple thereof, subject to the terms and conditions of the Order.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Order 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 Order.

THE COUNTY has covenanted in the Order 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.

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.

(AUTHENTICATION CERTIFICATE) (SEAL)

____
County Judge

COUNTERSIGNED: REGISTERED:

____
County Clerk

____
County Treasurer

(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 has been delivered pursuant to the Order described in the text of this Bond.

Wells Fargo Bank, N.A.,
As Paying Agent/Registrar

By: ____________________________________
Authorized Signature
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: 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.

____

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

(e) Form of Statement of Insurance.

STATEMENT OF INSURANCE

INSERT REQUIRED LANGUAGE

(f) The Initial Bond shall be in the form set forth in paragraphs (a), (b), (d) and (e) of this Section, except for the following alterations:

(i) immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and the word "CUSIP" deleted;

(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 to be paid in installments on March 1 in each of the years and in 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:

[Information to be inserted from schedule in Section 5]

(iii) the Initial Bond shall be numbered IB-1.

19. Legal Opinion Cusip Numbers. The approving opinion of Allen Boone Humphries Robinson LLP, Houston, Texas, and CUSIP Numbers may be printed on the Bonds, but errors or omissions in the printing of such opinion or such numbers shall have no effect on the validity of the Bonds.

20. Interest and Sinking Fund; Tax Levy. The proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by this Order shall be deposited, as collected, in a special fund to be designated "Fort Bend County, Texas, Unlimited Tax Road Refunding Bonds, Series 2009 Interest and Sinking Fund." While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, there is hereby levied and there shall be annually levied, assessed and collected in due time, form and manner, and at the same time other County taxes are levied, assessed and collected, in each year, a continuing direct annual ad valorem tax, within the limits prescribed by law, upon all taxable property in the County sufficient to pay the current interest on the Bonds as the same becomes due, and to provide and maintain a sinking fund adequate to pay the principal of the Bonds as such principal matures, but never less than two percent (2%) of the original principal amount of the Bonds each year, full allowance being made for delinquencies and costs of collection, and such taxes when collected shall be applied to the payment of the interest on and principal of the Bonds and to no other purpose.

21. Further Proceedings. After the Bonds to be initially issued shall have been executed, it shall be the duty of the County Judge and other appropriate officials and agents of the County to deliver the Bonds to be initially issued and all pertinent records and proceedings to the Attorney General of the State of Texas, for examination and approval. After the Bonds to be initially issued shall have been approved by the

Attorney General, they shall be delivered to the Comptroller for registration. Upon registration of the Bonds to be initially issued, the Comptroller (or the Comptroller's bond clerk or an assistant bond clerk lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate prescribed herein and the seal of said Comptroller shall be impressed, or placed in facsimile, thereon.

22. Sale; Purchase Contract. The Bonds are hereby sold and shall be delivered to the Underwriter at a price of $22,831,766.29 (representing the par amount of the Bonds, plus a net original issue premium of $2,170,147.05, and less an underwriter's discount of $118,380.76), plus accrued interest to the date of delivery, in accordance with the terms of the Bond Purchase Agreement of even date herewith, presented to and hereby approved by the Commissioners Court, which price and terms are hereby found and determined to be the most advantageous reasonably obtainable by the County. The County Judge and other appropriate officials of the County are hereby authorized and directed to execute the Bond Purchase Agreement on behalf of the County, and the County Judge and all other officers, agents and representatives of the County are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds.

23. Federal Income Tax Inclusion.

(a) General Tax Covenant. The County intends that the interest on the Bonds shall be excludable from gross income for purposes of federal income taxation pursuant to sections 103 through 150 of the Internal Revenue Code of 1986, as amended (the "Code), and 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 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 Section; provided, however, that the County shall not be required to comply with any particular requirement of this Section 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 Bonds or if the County has received a Counsel's Opinion to the effect that compliance with some other requirement set forth in this Section will satisfy the applicable requirements of the Code and 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 Section.

(b) No Private Use or Payment and No Private Loan Financing. 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 Bonds are delivered, that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder. Moreover, the County covenants and agrees that it will make such use of the proceeds of the 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 Bonds will not 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 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 that it has not and will not to 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 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 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 Bonds are delivered, the County will reasonably expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder. Moreover, the County covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not 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 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 Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the 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 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 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 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 Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the applicable Regulations promulgated thereunder.

(h) Continuing Obligation. Notwithstanding any other provision of this Order, the County's obligations under the covenants and provisions of this Section shall survive the defeasance and discharge of the Bonds.

24. Application of Proceeds. Proceeds from the sale of the Bonds shall, promptly upon receipt by the County, be applied as follows:

(a) Accrued interest on the Bonds shall be deposited into the Fort Bend County, Texas Unlimited Tax Road Refunding Bonds, Series 2009 Interest and Sinking Fund;

(b) The balance of the proceeds from the sale of the Bonds, together with other available funds, shall be applied (i) to establish an escrow fund to refund the Refunded Bonds, as more fully provided below, and (ii) to the extent not otherwise provided for, to pay all expenses arising in connection with the issuance of the Bonds, the establishment of such escrow fund and the refunding of the Refunded Bonds. Any proceeds of the Bonds remaining after making all such deposits and payments shall be deposited into the Fort Bend County, Texas Unlimited Tax Road Refunding Bonds, Series 2009.

The County is transferring $389,594.44 from its Debt Service Fund to apply to the Refunded Bonds.

25. Redemption of Refunded Bonds. The County hereby irrevocably calls the Refunded Bonds for redemption prior to their scheduled maturities on the redemption dates specified below for a redemption price equal to the principal amount thereof plus accrued interest to the redemption date:

Scheduled Maturity (March 1)	Series	Defeased Bonds To Be Redeemed	Redemption Date	Redemption Price
2011-2021	2001	$22,550,000	March 1, 2010	100%

The County authorizes all notices required to be given pursuant to the resolutions authorizing the Refunded Bonds to be given as provided therein.

26. Escrow Agreement. The discharge and defeasance of the Refunded Bonds shall be carried out pursuant to the terms and provisions of an Escrow Agreement to be entered into by and between the County and Wells Fargo Bank, N.A., as Escrow Agent, the terms and provisions of which are hereby approved, subject to such insertions, additions and modifications as shall be necessary (a) to carry out the program designed for the County by the Underwriter, (b) to maximize the County's present value savings and/or to minimize the County's costs of refunding, (c) to comply with all applicable laws and regulations relating to the refunding of the Refunded Bonds and (d) to carry out the other intents and purposes of this Order, and the County Judge or another designated official of the Board is hereby authorized to execute and deliver such Escrow Agreement on behalf of the County in multiple counterparts and the County Clerk or another designated official of the County is hereby authorized to attest thereto and affix the County's seal.

27. Purchase of United States Treasury Obligations. To assure the purchase of the Escrowed Securities referred to in the Escrow Agreement, the County Judge or another designated official of the County is hereby authorized to agree to purchase, and to purchase, obligations permitted under Section 1207.062 of the Texas Government Code, in such amounts and maturities and bearing interest at such rates as may be provided for in the Escrow Agreement, and to execute any and all purchase agreements, commitments, letters of authorization and other documents necessary to

effectuate the foregoing, and any actions heretofore taken for such purpose are hereby ratified and approved.

28. Books and Records. So long as any of the Bonds are outstanding the County covenants and agrees that it will keep proper books of record and account in which full, true and correct entries will be made of all transactions relating to the Bonds and the funds created pursuant to this Order, and all books, documents and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any Owner.

29. Official Statement. The Commissioners Court ratifies and confirms its prior approval of the form and content of the Official Statement prepared in the initial offering and sale of the Bonds and hereby authorizes the preparation of a final Official Statement reflecting the terms of the Underwriter's bid and other relevant information. The use of such Official Statement in the reoffering of the Bonds by the Underwriter is hereby approved and authorized.

30. Continuing Disclosure Undertaking.

(a) Annual Reports. The County shall provide annually to EMMA, within six months after the end of each fiscal year, financial information and operating data with respect to the County of the general type included in the final Official Statement authorized by Section 26 of this Order under Tables numbered 1 through 7 and 9 through 14 and in Appendix B. The information to be provided will include audited financial statements, if the County commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the County will provide unaudited financial statements at the required time and audited financial statements when and if they become available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in Appendix B to the Official Statement, or such other accounting principles as the County may be required to employ from time to time pursuant to State law or regulation.

If the County changes its fiscal year, it 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 Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to 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.

(b) Material Event Notices. The County shall notify EMMA, in a timely manner, of any of the following events with respect to the 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;
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 or events affecting the tax-exempt status of the Bonds;
G. Modifications to rights of holders of the Bonds;
H. Bond calls;
I. Defeasances;
J. Release, substitution, or sale of property securing repayment of the Bonds; and
K. Rating changes.

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 27(a) of this Order by the time required by such Section.

(c) Limitations Disclaimers and Amendments. The County shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the County remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the County in any event will give notice of any deposit made in accordance with Texas law that causes Bonds no longer to be outstanding.

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

UNDER NO CIRCUMSTANCES SHALL THE COUNTY BE LIABLE TO THE HOLDER 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 SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the County in observing or performing its obligations under this Section shall comprise a breach of or default under this Order for purposes of any other provision of this Order.

Nothing in this Section 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 Section may be amended by the County from time to time to adapt to changed circumstances that arise from a change in legal requirements, change in law, or change in the identity, nature, status or type of operations of the County, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the original primary offering in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to such amendment, or (b) any person unaffiliated with the County (such as nationally recognized bond counsel), determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The County may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If any such amendment is made, the County will include in its next annual update an explanation in narrative form of the reasons for the amendment and its impact on the type of operating data or financial information being provided.

30. Registrar. The form of agreement setting forth the duties of the Registrar is hereby approved, and the appropriate officials of the County are hereby authorized to execute such agreement for and on behalf of the County.

31. No Personal Liability. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Order, against any official or employee of the County or any person executing any Bonds.

32. Open Meeting. The meeting at which this Order is adopted was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act; and such notice as given is hereby authorized, approved, adopted and ratified.

PASSED AND APPROVED this 6th day of October, 2009.

County Judge

Commissioner, Precinct No. 1

Commissioner, Precinct No. 2

Commissioner, Precinct No. 3

Commissioner, Precinct No. 4

ATTEST:

County Clerk

(SEAL)

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NOTICE TO PAYING AGENT OF DEFEASANCE AND BOND REDEMPTION

Notice is hereby given that Fort Bend County, Texas (the "County"), through its Commissioners' Court and by order duly passed, has provided for the deposit with Wells Fargo Bank, N.A., cash and direct obligations of the United States of America sufficient to defease and provide for the payment of principal or redemption price of and interest on all of the following Bonds (the "Defeased Bonds") to the redemption dates as herein below described:

> FORT BEND COUNTY, TEXAS UNLIMITED TAX ROAD BONDS, SERIES 2001, dated April 1, 2001, originally scheduled to mature on March 1 in the years 2009 through 2016, in the aggregate principal amount of $22,550,000,

Notice is further given that the County has called for redemption, prior to their scheduled maturities, for a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, that portion of the Defeased Bonds, which are described as follows:

Scheduled Maturity (March 1)	Series	Defeased Bonds To Be Redeemed	Redemption Date	Redemption Price
2011-2021	2001	$22,550,000	March 1, 2010	100%

The Defeased Bonds called for redemption shall cease to bear interest after their respective redemption dates.

The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as successor paying agent to The Chase Manhattan Bank, for the Defeased Bonds, is hereby directed to send a written notice of defeasance and bond redemption for the Defeased Bonds by first class mail at least 30 days prior to the date fixed for redemption to the Registered Owner of each Defeased Bond to be redeemed in whole or in part at the address shown on the books of registration kept by the Registrar. Such written notice shall be in the form prescribed by the order authorizing the issuance of the Defeased Bonds.

This Notice is issued and given pursuant to the option of redemption reserved to the County in the proceedings authorizing the issuance of the Defeased Bonds and in accordance with recitals and provisions of said Defeased Bonds.

(Execution Page Follows)

GIVEN this 6th day of October, 2009.

County Judge, Fort Bend County, Texas

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Dallas, Texas, hereby acknowledges the receipt of the foregoing Notice to Paying Agent of Bond Redemption, the same having been received on the date shown below, which is thirty (30) days prior to the date fixed for redemption.

EXECUTED this 8th day of October, 2009.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
Dallas, Texas

By: ______________________

Name: Michelle L. Baldwin

Title: Senior Associate

255428

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OFFICIAL STATEMENT

Dated October 6, 2009

(See "CONTINUING DISCLOSURE OF INFORMATION" herein)

NEW ISSUE - Book-Entry-Only

Ratings:
Moody's: "Aa2"
S&P: "AA+"
See ("OTHER INFORMATION - RATINGS" herein)

Interest on the Bonds is not includable in the alternative minimum taxable income of individuals or corporations, except for certain alternative minimum tax consequences for corporations. See "TAX MATTERS" for a discussion of Bond Counsel's opinion.

THE BONDS **HAVE NOT BEEN** DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$20,780,000
FORT BEND COUNTY, TEXAS
UNLIMITED TAX ROAD REFUNDING BONDS, SERIES 2009

Dated Date: October 15, 2009 **Due: March 1, as shown on inside cover**

PAYMENT TERMS . . . Interest on the $20,780,000 Fort Bend County, Texas, Unlimited Tax Road Refunding Bonds, Series 2009 (the "Bonds") will accrue from October 15, 2009 (the "Dated Date") and will be payable March 1 and September 1 of each year, commencing March 1, 2010, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. 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 owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar 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 Paying Agent/Registrar is Wells Fargo Bank, N.A., Houston, Texas (see "THE BONDS - PAYING AGENT/REGISTRAR").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") including particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of Fort Bend County, Texas (the "County"), payable from a continuing ad valorem tax levied on all taxable property within the County, without legal limit as to rate or amount, as provided in the order authorizing the Bonds (the "Order") (see "THE BONDS - AUTHORITY FOR ISSUANCE").

PURPOSE . . . Proceeds from the sale of the Bonds will be used (i) to advance refund and defease certain obligations of the County described in Schedule I (the "Refunded Bonds"), and (ii) to pay the costs of issuance of the Bonds.

SEE MATURITY SCHEDULE ON THE INSIDE COVER

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2019, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2018, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - OPTIONAL REDEMPTION").

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the underwriters and subject to the approving opinion of the Attorney General of Texas and the legal opinion of Allen Boon Humphries Robinson LLP, Bond Counsel, Houston, Texas (see APPENDIX C, "FORM OF BOND COUNSEL'S OPINION"). Certain legal matters will be passed upon for the Underwriters by Andrews Kurth LLP, Underwriters' Counsel, Houston, Texas.

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on November 3, 2009.

MORGAN KEEGAN & COMPANY, INC. **SIEBERT BRANDFORD SHANK & CO., LLC**

MATURITY SCHEDULE

Principal	Maturity Mar 1	Rate	Yield (1)	CUSIP Numbers (2)	Principal	Maturity Mar 1	Rate	Yield (1)	CUSIP Numbers (2)
$ 2,020,000	2011	4.000 %	0.850 %	346766 NP9	1,850,000	2017	4.000 %	2.490 %	346766 NV6
1,985,000	2012	3.000	1.170	346766 NQ7	1,835,000	2018	5.000	2.700	346766 NW4
1,950,000	2013	4.000	1.490	346766 NR5	1,820,000	2019 (3)	5.000	2.870	346766 NX2
1,925,000	2014	4.000	1.790	346766 NS3	1,810,000	2020 (3)	5.000	3.020	346766 NY0
1,905,000	2015	4.000	2.050	346766 NT1	1,800,000	2021 (3)	5.000	3.120	346766 NZ7
1,880,000	2016	4.000	2.280	346766 NU8					

(Accrued Interest from October 15, 2009 to be added)

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

(2) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, A Division of the McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the County, the Financial Advisor, nor the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

(3) The County reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2019, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2018, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - OPTIONAL REDEMPTION").

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act 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 registration or qualification of the Bonds under the securities laws of any other 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 will not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdictions.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the County and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or other matters described.

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 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.

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 or from the Financial Advisor to the County.

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

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after such Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE 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.

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY AND IS NOT INTENDED AS A SUMMARY OF THIS OFFERING. INVESTORS SHOULD READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE ATTACHED APPENDICES, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

NEITHER THE COUNTY, NOR THE FINANCIAL ADVISOR NOR THE UNDERWRITERS NOR BOND COUNSEL, NOR UNDERWRITERS' COUNSEL MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING DTC OR ITS BOOK-ENTRY-ONLY SYSTEM.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TABLE OF CONTENTS

The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement. Certain defined terms used in this summary are defined elsewhere in this Official Statement.

THE COUNTY .... The County is a political subdivision of the State, 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 BONDS .... The Bonds are issued as $20,780,000 Fort Bend County, Texas Unlimited Tax Road Refunding Bonds, Series 2009. The Bonds are issued as serial bonds maturing March 1, 2011 through March 1, 2021 (see "THE BONDS - DESCRIPTION OF THE BONDS").

PAYMENT OF INTEREST .... Interest on the Bonds accrues from October 15, 2009, and is payable March 1, 2010, and each September 1 and March 1 thereafter until maturity or prior redemption (see "THE BONDS - DESCRIPTION OF THE BONDS" and "THE BONDS - OPTIONAL REDEMPTION").

AUTHORITY FOR ISSUANCE.......... The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") including particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of Fort Bend County, Texas (the "County"), payable from a continuing ad valorem tax levied on all taxable property within the County, without legal limit as to rate or amount, as provided in the order authorizing the Bonds (the "Order") (see "THE BONDS - AUTHORITY FOR ISSUANCE").

SECURITY FOR THE BONDS .... The Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax, without legal limit as to rate or amount, on all taxable property located within the County (see "THE BONDS - SECURITY AND SOURCE OF PAYMENT").

REDEMPTION .... The County reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2019, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2018, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS—Optional Redemption").

TAX EXEMPTION .... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law and interest on the Bonds is not included in the alternative minimum tax on individuals and, except as described herein, corporations. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel.

USE OF PROCEEDS .... Proceeds from the sale of the Bonds will be used (i) to advance refund and defease certain obligations of the County described in Schedule I (the "Refunded Bonds"), and (ii) to pay the costs of issuance of the Bonds.

RATINGS .... The presently outstanding tax supported debt of the County, including the Bonds, is rated "Aa2" by Moody's Investors Service, Inc. ("Moody's") and "AA+" by Standard & Poor's Ratings Services, A Division of The McGraw-Hill Companies, Inc. ("S&P") without regard to credit enhancement (see "OTHER INFORMATION - RATINGS").

BOOK-ENTRY-ONLY SYSTEM .... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of 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, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar 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").

PAYMENT RECORD .... The County has never defaulted in payment of its general obligation tax debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ending	Estimated County Population[1]	Taxable Assessed Valuation[2]	Per Capita Taxable Assessed Valuation	General Obligation ("G.O.") Tax Debt	Per Capita G.O. Tax Debt	Ratio Tax Debt to Taxable Assessed Valuation	Percent Of Total Tax Collections[4]	Tax Year
2005	435,160	$ 23,430,077,530	$ 53,842	$205,710,000	$ 473	0.88%	99.74%	2004
2006	435,160	26,049,121,823	59,861	230,080,000	529	0.88%	99.78%	2005
2007	501,974	28,933,750,694	57,640	375,765,000	749	1.30%	99.67%	2006
2008	501,974	33,393,702,935	66,525	367,690,000	732	1.10%	99.18%	2007
2009	528,392	38,166,425,554	72,231	479,050,000	907	1.26%	97.11% [5]	2008
2010	547,876	39,476,385,295	72,054	467,300,000 [3]	853 [3]	1.18% [3]	[6]	2009

(1) Source: Fort Bend Economic Development Council.
(2) As reported by the Fort Bend Central Appraisal District, subject to change during the ensuing year.
(3) Includes the Bonds and excludes the Refunded Bonds.
(4) As of July 31, 2009 for each respective year's levy.
(5) Collections as of March 31, 2009.
(6) In process of collection.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	Fiscal Year Ended September 30,				
	2008	2007	2006	2005	2004
Beginning Balance	$ 35,701,557	$ 36,839,696	$ 29,387,788	$ 29,594,905	$ 38,190,055
Total Revenue	178,619,780	154,532,126	140,059,393	127,438,871	112,058,605
Total Expenditures	167,430,805	147,075,383	125,726,125	116,298,500	112,372,891
Transfer In (Out)	(8,145,190)	(8,594,882)	(6,881,360)	(11,347,488)	(8,280,864)
Ending Balance	$ 38,745,342	$ 35,701,557	$ 36,839,696	$ 29,387,788	$ 29,594,905

Source: County's audited financial statements.

For additional information regarding the County, please contact:

Ed Sturdivant
Fort Bend County Auditor
309 S. Fourth St. Suite 533
Richmond, TX 77469
(281) 341-3760

or

Joe Morrow
First Southwest Company
1021 Main Street, Suite 2200
Houston, Texas 77002
(713) 654-8690

COUNTY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Commissioners Court	Position	Length of Service	Term Expires December 31
Robert Hebert	County Judge	6 Years	2010
Richard Morrison	Commissioner - Precinct 1	9 Months[(1)]	2012
Grady Prestage	Commissioner - Precinct 2	17 Years	2010
Andy Meyers	Commissioner - Precinct 3	11 Years	2012
James Patterson	Commissioner - Precinct 4	9 Years	2010

(1) Elected November 4, 2008

OTHER ELECTED AND APPOINTED OFFICIALS

Name	Position	Length of Service to County
Ed Sturdivant	County Auditor	6 Years
Jeff Council	County Treasurer	2 Years
Patsy Schultz	Tax Assessor/Collector	2 Years
Roy Cordes, Jr.	County Attorney	2 Years

CONSULTANTS AND ADVISORS

Auditor .... Null-Lairson P.C.
Houston, Texas

Bond Counsel .... Allen Boone Humphries Robinson LLP
Houston, Texas

Financial Advisor .... First Southwest Company
Houston, Texas

OFFICIAL STATEMENT

RELATING TO

$20,780,000
FORT BEND COUNTY, TEXAS
UNLIMITED TAX ROAD REFUNDING BONDS, SERIES 2009

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $20,780,000 Fort Bend County, Texas, Unlimited Tax Road Refunding Bonds, Series 2009 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the order to be adopted on the date of sale of the Bonds which will authorize the issuance of the Bonds (the "Order"), except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Bonds and certain information regarding the County and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the County's Financial Advisor, First Southwest Company, Houston, Texas.

DESCRIPTION OF THE COUNTY

The County was organized in 1838 and operates as specified under the Constitution of the State of Texas and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical Commissioners Precincts. The County Judge is elected for a term of four years and the Commissioners for four year staggered terms. Other County elected officers include the County Clerk, County Attorney, County Tax Assessor/Collector and County Treasurer. The County Auditor is appointed for a term of two years by and serves at the will of the State District Judges whose courts are located in Fort Bend County, Texas. The 2000 Census population for the County was 354,452, an increase of 57% over the 1990 population of 225,421. The County covers approximately 886 square miles located in the greater Houston metropolitan area. The City of Richmond is the County Seat.

PLAN OF FINANCING

PURPOSE . . . The Bonds are being issued for the purpose of advance refunding and defeasing $22,550,000 of the County's Unlimited Tax Road Bonds, Series 2001 (the "Refunded Bonds"), in order to lower the overall annual debt service requirements of the County, and to pay the costs of issuance of the Bonds. See Schedule I for a detailed listing of the Refunded Bonds and their respective call dates at par.

REFUNDED BONDS . . . The principal and interest due on the Refunded Bonds are to be paid on the scheduled interest payment dates and the respective redemption dates of such Refunded Bonds, from funds to be deposited pursuant to a certain Escrow Agreement (the "Escrow Agreement") between the County and Wells Fargo Bank, N.A., Houston, Texas (the "Escrow Agent"). The Order provides that from the proceeds of the sale of the Bonds received from the Underwriters, the County will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds on their respective redemption dates. Such funds will be held by the Escrow Agent in a special escrow account (the "Escrow Fund") and used to purchase direct obligations of the United States of America (the "Federal Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds.

Grant Thornton LLP, a nationally recognized accounting firm, will verify at the time of delivery of the Bonds to the Underwriter(s) thereof the mathematical accuracy of the schedules that demonstrate the Federal Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds. **Such maturing principal of and interest on the Federal Securities will not be available to pay the Bonds** (see "OTHER INFORMATION - VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS").

By the deposit of the Federal Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreement, the County will have effected the defeasance of all of the Refunded Bonds in accordance with the law. It is the opinion of Bond Counsel that as a result of such defeasance and in reliance upon the report of Grant Thornton LLP, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Federal Securities and any cash held for such purpose by the Escrow Agent and such Refunded Bonds will not be deemed as being outstanding obligations of the County payable from taxes nor for the purpose of applying any limitation on the issuance of debt.

The County has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Bonds, if for any reason, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund be insufficient to make such payment.

USE OF PROCEEDS . . . The proceeds from the sale of the Bonds will be applied approximately as follows:

Sources of Funds:	
Par Amount of Bonds	$ 20,780,000
Reoffering Net Premium	2,170,147
Accrued Interest (10/15/09-11/03/09)	44,200
Transfer from Debt Service Fund	389,594
	$ 23,383,941
Uses of Funds:	
Deposit to Escrow Fund	$ 23,102,459
Underwriter's Discount	118,381
Costs of Issuance	115,440
Deposit to Debt Service Fund	47,661
	$ 23,383,941

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds are dated October 15, 2009 and mature on March 1 in each of the years and in the amounts shown on the inside cover page hereof. Interest will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on March 1 and September 1, commencing March 1, 2010. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and 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. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

AUTHORITY FOR ISSUANCE

The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") including particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of Fort Bend County, Texas (the "County"), payable from a continuing ad valorem tax levied on all taxable property within the County, without legal limit as to rate or amount, as provided in the order authorizing the Bonds (the "Order") (see "THE BONDS - AUTHORITY FOR ISSUANCE").

SECURITY AND SOURCES OF PAYMENT

All taxable property within the County is subject to a continuing direct annual ad valorem tax levied by the County sufficient to provide for the payment of principal of and interest on all obligations payable in whole or in part from ad valorem taxes, without legal limit as to rate or amount.

TAX RATE LIMITATION

General Operations; Limited Tax Bonds, Time Warrants, Certificates of Obligation and Contractual Obligations . . . Texas Constitution (Article VIII, Section 9) imposes a tax rate limitation of $0.80 per $100 assessed valuation for all purposes of General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, including debt service of bonds, warrants or certificates of obligation issued against such funds. The Attorney General of Texas will not approve limited tax bonds in an amount which produces debt service requirements exceeding that which can be paid from $0.40 of the foregoing $0.80 maximum tax rate calculated at 90% collection.

Unlimited Tax Road Bonds . . . Unlimited tax rate authorized for debt service pursuant to Article III, Section 52 of Texas Constitution. The Bonds are unlimited tax obligations.

Road Maintenance (Special Road and Bridge Tax) . . . Imposed pursuant to Texas Constitution (Article VIII, Section 9), $0.15 per $100 Assessed Valuation, no part of which may be used for debt service.

Farm-to-Market and Flood Control Purposes . . . Imposed pursuant to Texas Constitution (Article VIII, Section 1-a), $0.30 per $100 assessed valuation after exemption of homesteads up to $3,000; no allocation prescribed by statute between debt service and maintenance.

OPTIONAL REDEMPTION

The County reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2019, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2018, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the County may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION

Not less than 30 days prior to a redemption date for the Bonds, the County shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

DEFEASANCE

The Order provides that the County may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the County payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the County adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the County adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to the investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the County to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the County: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. Provided, however, the County has reserved the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the County: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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 accredited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The County and the Underwriters believe the source of such information to be reliable, but takes no 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 Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond will be issued for each maturity of the Bonds in the aggregate principal amount of each 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 Bonds. 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 corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

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 Bonds ("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, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in the 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 effect 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 Participant to whose account such Bonds are credited, which may or may not be the Beneficial Owners. The 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Bonds will be made to 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 Paying Agent/Registrar on payable dates 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 in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to DTC is the responsibility of the County, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to County or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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 Resolution will be given only to DTC.

Information concerning DTC and the Book-Entry Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the County or the Purchasers.

Effect of Termination of Book-Entry Only System In the event that the Book-Entry Only System is discontinued by DTC or the use of the Book-Entry Only System is discontinued by the County, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Resolution and summarized under "THE BONDS - Transfer, Exchange and Registration" below.

Paying Agent/Registrar

The initial Paying Agent/Registrar is Wells Fargo Bank, N.A., Houston, Texas. In the Order, the County retains the right to replace the Paying Agent/Registrar. The County covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the County agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Transfer, Exchange and Registration

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

Record Date for Interest Payment

The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15th day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, 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 ("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 Holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Bondholders' Remedies

The Order does not specify events of default with respect to the Bonds. If the County defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set for in the Order, the registered owners may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or the covenants included in the Order and the County's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Order does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the County to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in Tooke v. City of Mexia 197 S.W.3rd 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the County's sovereign immunity from a suit for money damages, bondholders may not be able to bring such a suit against the County for a default on the Bonds or breach of the Order covenants. Even if a judgment against the County could be obtained, it could not be enforced by direct levy and execution against the County's property. Further, the registered owners cannot themselves foreclose on property within the County or sell property within the County to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the County is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

TAX INFORMATION

AD VALOREM TAX LAW

The appraisal of property within the County is the responsibility of the Fort Bend Central Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Texas Property Tax Code (the "Property Tax Code") to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the less of (1) the market value of the property, or (2) the sum of (a) 10% of the appraised value of the property for the last year in which the property was appraised for taxation times the number of years since the property was last appraised, plus (b) the appraised value of the property for the last year in which the property was appraised plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The County may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the County by petition filed with the Appraisal Review Board.

Reference is made to the Property Tax Code, for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the Texas Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant: (1) An exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision; (2) An exemption of up to 20% of the market value of residence homesteads. The minimum exemption under this provision is $5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000.

Effective January 1, 2004, under Article VIII and State law, the governing body of a county, municipality or junior college district, may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferable to a different residence homestead and to a surviving spouse living in such homestead who is disabled or is at least 55 years of age. If improvements (other than maintenance or repairs) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repeated or rescinded.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

Article VIII, section 1-n of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." "Goods-intransit" is defined by a provision of the Tax Code, which is effective for tax years 2008 and thereafter, as personal property acquired or imported into Texas and transported to another location in the State or outside of the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. The Tax Code provision permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. A taxpayer may receive only one of the freeport exemptions or the goods-in-transit exemptions for items of personal property. The County has not elected to tax goods-in-transit.

The County may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The County in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE

By each September 1 or as soon thereafter as practicable, the Commissioners Court adopts a tax rate per $100 taxable value for the current year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code, the County must annually calculate and publicize its "effective tax rate" and "rollback tax rate". The Commissioners Court may not adopt a tax rate that exceeds the prior year's levy until it has held a public hearing on the proposed increase following notice to the taxpayers and otherwise complied with the Property Tax Code. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the County by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

PROPERTY ASSESSMENT AND TAX PAYMENT

Property within the County is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

Penalties and Interest

Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6 %	1 %	7 %
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, a 15% attorney's collection fee is added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the County's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

County Application of Tax Code

The County grants an exemption to the market value of the residence homestead of persons over 65 years of age or disabled of $100,000.

The County has granted an additional exemption of 20% of the market value of residence homesteads.

See Table 1 for a listing of the amounts of the exemptions described above.

The County has not adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004.

Ad valorem taxes are not levied by the County against the exempt value of residence homesteads for the payment of debt.

The County does not tax nonbusiness personal property; and the County collects its own taxes.

The County does not permit split payments, and discounts are not allowed.

The County does tax freeport property.

The County does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

Tax Abatement Policy

The County has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. The value of property subject to abatement is shown in Table 1.

Tax Increment Reinvestment Zone

A municipality in the County may establish a tax increment reinvestment zone ("TIRZ") within a defined area of such municipality. In 2005, the Texas Legislature authorized Texas counties to create a TIRZ within a defined area of the county. The cost of certain public improvements in a TIRZ may be financed or repaid by contribution of future tax revenues from incremental increases in property values in the TIRZ. The County may contribute all or a portion of its tax revenue on such increase in value to a special tax increment fund created by the municipality. The County has agreed to participate in TIRZs in the past and may continue to do so in the future. Increment revenue derived from the participation of the County in a TIRZ will not be available for payment on the Bonds.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2009/2010 Certified Appraised Value by Fort Bend Central Appraisal District (excluding totally exempt property)		$ 48,699,224,072
Less Exemptions/Reductions at 100% Market Value:		
Residential Homestead Exemptions	$ 4,828,176,121	
Over 65 Exemptions	1,561,270,065	
Disabled & Deceased Veteran's Exemptions	252,571,419	
Lease Vehicle Exemption	202,944,794	
Abatements	265,541,802	
Productivity Loss	2,477,701,638	
Pollution	452,166,010	
House Bill 366	224,660	
Historical	13,131,881	
Community Housing Development	16,775,960	
Prorated Exempt Property	6,531,424	
10% Homestead Cap Adjustment	216,733,153	10,293,768,927
Taxable Assessed Valuation		$ 38,405,455,145
Value Still Subject to Appraisal Review Board Hearing	1,427,906,867	
County Estimate of Taxable Value after Appraisal Review Board Hearing Process		1,070,930,150
2009/2010 Taxable Assessed Valuation		$ 39,476,385,295
County Funded Debt Payable from Ad Valorem Taxes (as of September 1, 2009)		
Limited Tax Bonds	$ 207,700,000	
Unlimited Tax Road Bonds(1)	123,300,000	
Unlimited Tax Toll Road Bonds(2)	135,890,000	
Fort Bend Flood Control Water Supply Corp. Revenue Bonds	10,390,000	
County Funded Debt Payable from Ad Valorem Taxes		$ 477,280,000
Ratio Tax Supported Gross Debt to Taxable Assessed Valuation		1.24%

2010 Population Estimate - 547,876 (3)
Per Capita Taxable Assessed Valuation - $70,099
Per Capita Tax Debt - $871

(1) Includes the Bonds and excludes the Refunded Bonds.
(2) See "DEBT INFORMATION – FORT BEND COUNTY TOLL ROAD BONDS" herein.
(3) Source: Greater Fort Bend Economic Development Council, 2009.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Tax Year					
	2009		2008		2007	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 29,649,115,219	60.88%	$ 29,605,113,157	62.03%	$ 26,115,748,720	62.80%
Real, Residential, Multi-Family	953,747,851	1.96%	877,235,375	1.84%	724,293,461	1.74%
Real, Vacant Lots/Tracts	1,129,570,008	2.32%	1,050,544,148	2.20%	910,075,971	2.19%
Real, Acreage (Land Only)	2,745,455,296	5.64%	2,336,536,864	4.90%	1,756,329,283	4.22%
Real, Farm and Ranch Improvements	330,298,802	0.68%	331,891,468	0.70%	298,719,827	0.72%
Real, Commercial and Industrial	7,798,910,271	16.01%	7,531,375,339	15.78%	6,044,780,775	14.53%
Real, Oil, Gas & Other Mineral Reserves	288,530,290	0.59%	460,175,930	0.96%	488,114,480	1.17%
Real and Tangible Personal, Utilities	710,328,240	1.46%	734,542,285	1.54%	684,656,436	1.65%
Tangible Personal, Commercial and Industrial	3,955,067,370	8.12%	3,439,855,167	7.31%	3,276,307,319	7.88%
Tangible Personal, Other	65,665,620	0.13%	67,397,752	0.14%	75,124,355	0.18%
Real, Inventory	1,001,220,160	2.06%	1,162,041,500	2.43%	1,113,971,927	2.68%
Special Inventory	61,578,930	0.13%	72,838,120	0.15%	70,754,490	0.17%
Intangible Property and/or Uncertified Property	9,736,015	0.02%	7,596,006	0.02%	30,009,237	0.07%
New Exempt Property	-	0.00%	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	$ 48,699,224,072	100.00%	$ 47,727,143,111	100.00%	$ 41,588,886,281	100.00%
Less: Total Exemptions/Reductions	10,293,768,927		9,560,717,557		8,195,183,346	
Plus: County Estimate of ARB Hearing Addition	1,070,930,150 (1)		-		-	
Taxable Assessed Value	$ 39,476,385,295		$ 38,166,425,554		$ 33,393,702,935	

	Tax Year			
	2006		2005	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 23,347,791,025	64.67%	$ 21,196,909,564	65.17%
Real, Residential, Multi-Family	624,746,015	1.73%	550,142,145	1.69%
Real, Vacant Lots/Tracts	735,283,478	2.04%	667,025,103	2.05%
Real, Acreage (Land Only)	1,512,753,808	4.19%	1,190,613,650	3.66%
Real, Farm and Ranch Improvements	277,749,409	0.77%	245,112,091	0.75%
Real, Commercial and Industrial	4,964,858,185	13.75%	4,038,098,657	12.42%
Real, Oil, Gas & Other Mineral Reserves	493,944,860	1.37%	533,822,070	1.64%
Real and Tangible Personal, Utilities	679,232,435	1.88%	685,742,863	2.11%
Tangible Personal, Commercial and Industrial	2,514,481,864	6.96%	2,557,515,614	7.86%
Tangible Personal, Other	69,123,485	0.19%	66,497,465	0.20%
Real, Inventory	822,890,210	2.28%	732,772,380	2.25%
Special Inventory	59,368,540	0.16%	60,226,190	0.19%
Intangible Property and/or Uncertified Property	-	0.00%	-	0.00%
New Exempt Property	80,080	0.00%	-	0.00%
Total Appraised Value Before Exemptions	$ 36,102,303,394	100.00%	$ 32,524,477,792	100.00%
Less: Total Exemptions/Reductions	7,168,552,700		6,475,355,969	
Taxable Assessed Value	$ 28,933,750,694		$ 26,049,121,823	

(1) County Estimate of Taxable Value after Appraisal Review Board Hearing Process.

NOTE: Valuations shown are certified taxable assessed values reported by the Fort Bend Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended Sept 30	Estimated Population[(1)]	Taxable Assessed Valuation[(2)]	Taxable Assessed Valuation Per Capita	Tax Supported Debt Outstanding at End of Year	Ratio of Tax Supported Debt to Taxable Assessed Valuation	Tax Supported Debt Per Capita	Tax Year
2005	435,160	$ 23,430,077,530	$ 53,842	$ 205,710,000	0.88%	$ 473	2004
2006	435,160	26,049,121,823	59,861	230,080,000	0.88%	529	2005
2007	501,974	28,933,750,694	57,640	375,765,000	1.30%	749	2006
2008	501,974	33,393,702,935	66,525	367,690,000	1.10%	732	2007
2009	528,392	38,166,425,554	72,231	479,050,000	1.26%	907	2008
2010	547,876	39,476,385,295	72,054	467,300,000 (3)	1.18% (3)	853 (3)	2009

(1) Source: Fort Bend Economic Development Council.
(2) As reported by the Fort Bend Central Appraisal District; subject to change during the ensuing year.
(3) Includes the Bonds and excludes the Refunded Bonds.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended	Tax Rate	Tax Levy	% Current Collections[(1)]	% Total Collections[(2)]
2004	$0.52374	$ 110,971,614	97.51%	99.71%
2005	0.52374	122,332,547	97.82%	99.74%
2006	0.51674	137,879,143	97.92%	99.78%
2007	0.51674	148,694,595	98.29%	99.67%
2008	0.51674	171,866,667	98.34%	99.18%
2009	0.49976	190,740,528	97.11% (3)	97.11% (3)

(1) Collected within the Fiscal Year of the levy.
(2) As of September 30, 2008 for each respective year's levy.
(3) Collections as of July 31, 2009.

TABLE 5 - TAX RATE DISTRIBUTION ANALYSIS

	Tax Year 2009[(2)]	2008	2007	2006	2005
General Fund	$ 0.38620	$ 0.39595	$ 0.41454	$ 0.41900	$ 0.42425
Road & Bridge Fund	0.03100	0.03920	0.02420	0.03434	0.03759
Debt Service Fund[(1)]	0.06180	0.04861	0.06000	0.04000	0.03150
Drainage District	0.02076	0.01600	0.01800	0.02340	0.02340
Farm-to-Market & Lateral Road Fund	0.00000	0.00000	0.00000	0.00000	0.00000
County Total Tax Rate	$ 0.49976	$ 0.49976	$ 0.51674	$ 0.51674	$ 0.51674

(1) The debt service fund tax includes a levy for unlimited tax bonds which are outside the constitutional tax limit.
(2) Proposed tax rates. The County expects to adopt these rates on October 20, 2009.

TABLE 6 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2009/2010 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
NRG Texas Power LLC	Electric Utility	$ 1,849,375,400	4.68%
Centerpoint Energy Electric	Electric Utility	229,576,660	0.58%
STC MFG Group-SPC	Manufacturing	184,837,730	0.47%
Katy Mills Mall LTD Partnership(1)	Shopping Mall	109,821,870	0.28%
Tramontina USA Inc.	Manufacturing	103,675,510	0.26%
Texas Instruments, Inc	Electronics Manufacturer	101,930,550	0.26%
LakePointe Assets LLC	Commercial	100,719,790	0.26%
Cardinal Health 411 Inc	Manufacturing	95,834,900	0.24%
Fountains Dunhill LLC	Commercial	82,257,154	0.21%
ConocoPhillips Company	Petroleom Company	81,863,610	0.21%
		$ 2,939,893,174	7.45%

(1) The County has agreed to participate in a City of Katy TIRZ that includes the Katy Mills Mall. Under its TIRZ Participation Agreement with the City of Katy, the County has agreed to contribute fifty percent of the tax increment produced in the City of Katy TIRZ to the City of Katy tax increment fund.

GENERAL OBLIGATION DEBT LIMITATION

Limited Tax Bonds Payable From the $0.80 Constitutional Tax Rate . . . Article 722, VATCS, limits the amount of bonds that may be issued for certain purposes as follows:

Courthouse Bonds	-	2% of Assessed Valuation
Jail Bonds	-	1 1/2% of Assessed Valuation
Courthouse and Jail Bonds	-	3 1/2% of Assessed Valuation
Road and Bridge Bonds	-	1 1/2% of Assessed Valuation

However, courthouse, jail and certain other types of bonds may be issued under the authority of Article 2370b, VATCS, which removes the above limitations.

Article VIII, Section 9, of the Texas Constitution, imposes a limit of $0.80 per $100 Assessed Valuation for all constitutional purposes, including the General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, and debt service of bonds, certificates, warrants and certificates of obligation issued against such funds. Administratively, the Attorney General of the State of Texas will permit allocation of $0.40 of the $0.80 constitutional tax rate for Limited Tax Bond debt service.

Unlimited Tax Road Bonds . . . Article III, Section 52, Texas Constitution, provides that Unlimited Tax Road Bond Debt may not exceed 25% of the County's assessed valuation of real estate. The Bonds are unlimited tax obligations.

TABLE 7 - TAX ADEQUACY

A portion of the County's tax supported debt is expected to be paid from net revenues generated from the Fort Bend County Toll Road System.

The following table represents the tax rate required for all bonded debt of the County that has a pledge of ad valorem taxes. See "DEBT INFORMATION – FORT BEND COUNTY TOLL ROAD BONDS" herein.

2010 Principal and Interest Requirements	$	32,547,077	(1)
$0.08590 Tax Rate at 96% Collection Produces	$	32,553,806	
Average Principal and Interest Requirements (2010-2021)	$	36,769,051	(1)
$0.09710 Tax Rate at 96% Collection Produces	$	36,798,307	
Average Principal and Interest Requirements (2022-2026)	$	34,796,518	(1)
$0.09190 Tax Rate at 96% Collection Produces	$	34,827,646	
Average Principal and Interest Requirements (2027-2032)	$	25,427,061	(1)
$0.06710 Tax Rate at 96% Collection Produces	$	25,429,108	
Maximum Principal and Interest Requirements (2019)	$	37,812,048	(1)
$0.09980 Tax Rate at 96% Collection Produces	$	37,821,535	

(1) Includes the Bonds and excludes the Refunded Bonds.

TABLE 8 - ESTIMATED CONSOLIDATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the County are paid out of ad valorem taxes levied by such entities on properties within the County. Such entities are independent of the County and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the County, the County has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the County.

Taxing Jurisdiction	Total G.O. Debt as of Various Dates	Estimated % Applicable	County's Overlapping G.O. Debt as of Various Dates
Fort Bend County	**$ 477,280,000** (1)	**100.00%**	**$ 477,280,000** (1)
Cities			
Arcola	1,420,000	100.00%	$ 1,420,000
Beasley	390,000	100.00%	390,000
Kendleton	70,000	100.00%	70,000
Meadows Place	4,625,000	100.00%	4,625,000
Needville	332,500	100.00%	332,500
Orchard	60,000	100.00%	60,000
Richmond	8,465,000	100.00%	8,465,000
Rosenberg	19,532,855	100.00%	19,532,855
Sugar Land	67,757,128	100.00%	67,757,128
County-Line Cities			
Houston	2,402,134,561	0.64%	$ 15,373,661
Katy	14,180,000	42.04%	5,961,272
Missouri City	85,320,108	94.94%	81,002,911
Pearland	250,897,772	1.22%	3,060,953
Stafford	1,560,000	100.00%	1,560,000
Total Cities			$ 209,611,280
School Districts			
Fort Bend ISD	967,212,703	100.00%	$ 967,212,703
Kendleton ISD	1,080,000	100.00%	1,080,000
Lamar Consolidated ISD	477,400,708	100.00%	477,400,708
Needville ISD	53,832,747	100.00%	53,832,747
County-Line School Districts			
Brazos ISD	17,464,993	75.84%	$ 13,245,451
Katy ISD	946,402,110	3.33%	31,515,190
Stafford MSD	17,680,000	99.60%	17,609,280
Total School Districts			$ 1,561,896,080
Total Special District Debt (2)			$ 1,633,570,003
Other			
Houston Community College District	192,190,000	1.74%	$ 3,344,106
Total Other			$ 3,344,106
Summary of Total Estimated Overlapping Debt			
Cities			$ 209,611,280
School Districts			1,561,896,080
Special Districts			1,633,570,003
Other			3,344,106
Estimated Overlapping Debt			$ 3,408,421,468
Fort Bend County - Direct Obligations			$ 477,280,000 (1)
Fort Bend County Parkway Road District			170,000
Total Direct and Estimated Overlapping Debt			$ 3,885,871,468

(1) County debt outstanding as of September 30, 2009. Includes the Bonds and excludes the Refunded Bonds.
(2) Total Special District Debt includes numerous special districts with varying amounts of debt applicable to the County.
Source: The Municipal Advisory Council of Texas.

DEBT INFORMATION

TABLE 9 - PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

	County Debt Paid From Ad Valorem Taxes					
Year End September 30	Limited Tax Bonds	Unlimited Tax Bonds[(1)]	Flood Control Water Supply Corporation Limited Tax Bonds	Total Debt Service Paid From Ad Valorem Taxes	Toll Road Unlimited Tax Bonds[(2)]	Grand Total Requirements
2010	$ 14,194,388	$ 10,917,641	$ 681,618	$ 25,793,646	$ 6,753,431	$ 32,547,077
2011	16,559,563	10,906,960	674,658	28,141,180	8,125,431	36,266,611
2012	15,911,263	10,802,760	1,410,438	28,124,460	8,310,741	36,435,201
2013	15,912,200	10,697,260	1,397,650	28,007,110	8,496,050	36,503,160
2014	15,916,938	10,595,435	1,447,344	27,959,716	8,844,425	36,804,141
2015	15,915,238	10,498,335	1,390,906	27,804,479	9,190,300	36,994,779
2016	15,918,338	10,402,173	1,310,141	27,630,651	9,739,138	37,369,788
2017	15,509,113	10,292,685	1,255,047	27,056,844	10,249,488	37,306,332
2018	15,513,038	10,193,635	1,201,875	26,908,548	10,824,250	37,732,798
2019	15,512,088	10,090,085	1,150,625	26,752,798	11,059,250	37,812,048
2020	15,513,488	9,986,860	1,075,000	26,575,348	11,220,500	37,795,848
2021	15,512,944	9,890,391	1,025,000	26,428,335	11,232,500	37,660,835
2022	15,512,750	8,048,351		23,561,101	11,238,250	34,799,351
2023	15,512,125	8,042,799		23,554,924	11,222,625	34,777,549
2024	15,515,500	8,046,681		23,562,181	11,254,125	34,816,306
2025	15,511,344	8,041,744		23,553,088	11,232,000	34,785,088
2026	15,512,875	8,045,672		23,558,547	11,245,750	34,804,297
2027	15,508,556	5,681,988		21,190,544	11,248,750	32,439,294
2028	15,512,588	3,771,500		19,284,088	11,240,500	30,524,588
2029	15,513,969	3,772,000		19,285,969	11,230,250	30,516,219
2030	15,511,213			15,511,213	11,256,000	26,767,213
2031	9,884,306			9,884,306	11,217,250	21,101,556
2032					11,213,500	11,213,500
	$ 337,383,819	$ 178,724,953	$ 14,020,300	$ 530,129,072	$ 237,644,503	$ 767,773,575

(1) Includes the debt service for the Bonds and excludes the debt service for the Refunded Bonds.
(2) See "DEBT INFORMATION – FORT BEND COUNTY TOLL ROAD BONDS" herein.

TABLE 10 INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending September 30, 2010		$ 32,547,077
Interest and Sinking Fund, September 30, 2009[(1)]	$ 4,096,685	
Estimated Interest and Sinking Fund Tax Levy @ 97% Collections[(2)]	25,847,163	
Transfer from Toll Road Authority	6,753,431	
Projected Other Income	255,000	36,952,280
Estimated Balance, September 30, 2010		$ 4,405,203

(1) Unaudited, provided by the County.
(2) Debt service tax rate estimated at $0.675.

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount Authorized	Issued To Date	Unissued Balance
County Roads	5/12/2007	$ 156,000,000	$ 50,000,000	$ 106,000,000
		$ 156,000,000	$ 50,000,000	$ 106,000,000

FORT BEND COUNTY TOLL ROAD BONDS

In 2003 and 2004, respectively, the County issued two series of Unlimited Tax and Subordinate Lien Toll Revenue Bonds (collectively, the "Toll Road Bonds" and respectively the "Series 2003 Toll Road Bonds" and the "Series 2004 Toll Road Bonds"). The Series 2003 Toll Road Bonds were issued to finance the construction of the Fort Bend Parkway Toll Road. The Series 2004 Toll Road Bonds were issued to finance the construction of the Fort Bend Westpark Toll Road. The Fort Bend Parkway Toll Road and the Fort Bend Westpark Toll Road are collectively referred to herein as the "Toll Roads." The County has engaged the Fort Bend Toll Road Authority, a non-profit local government corporation created by the County (the "Toll Road Authority"), to manage the construction and operation of the Toll Roads.

The Toll Road Bonds are secured by a subordinate lien on all net revenues from the operation of the Toll Roads. In addition, the Toll Road Bonds are secured by a pledge of the County's ad valorem taxes in the event that the net revenues from the operation of the Toll Roads are insufficient to pay principal and interest on the Toll Road Bonds. The County has reserved the right to issue senior lien toll road bonds that would be secured by a senior lien on net revenues from the operation of the Toll Roads, or additional parity bonds.

The Fort Bend Parkway Toll Road opened to traffic in August 2004 and the Fort Bend Westpark Toll Road opened to traffic in August 2005. Based on revenues from the Toll Roads at current traffic levels together with other available funds, the County and the Toll Road Authority believe a tax will not be necessary for the payments of debt service on the Toll Road Bonds during 2009. Unless traffic on the Toll Roads increases, it is expected that revenues from the operation of the Toll Roads at some point in the future would be insufficient to pay the annual principal and interest on the Toll Road Bonds and the County would be required to assess and collect a tax from year to year to pay a portion of the debt service on the Toll Road Bonds. In the event it becomes necessary for the County to levy a tax to pay a portion of the toll road bonds debt service, each $0.01 of tax rate (for illustration purposes only) would produce $3,840,546, based on the County's 2009 net assessed valuation. If the toll road system produced no net revenue, a tax rate of approximately $0.03 would generate sufficient funds to pay the maximum annual debt service of $11,256,000 on the Toll Road Bonds.

See "FORWARD LOOKING STATEMENTS DISCLAIMER".

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT

The County anticipates issuing $50,000,000 of general obligation debt in the next fiscal year to continue making road improvements.

TABLE 12 – OTHER OBLIGATIONS

As of September 30, 2009, the County has no other outstanding obligations.

PENSION FUND

The County provides pension, disability and death benefits for all of its full-time employees through a non-traditional, joint contributory, defined contribution plan in the state-wide Texas County and District Retirement System (TCDRS). Under the state law governing TCDRS, the contribution rate of the County is a fixed percent equal to the contribution rate payable by the employee member, which is 7% as adopted by the governing body of the County. This rate is not actuarially determined and is one of the rates that can be adopted in accordance with the TCDRS Act. However, the plan of benefits adopted by the employer at the time of plan inception and when benefit increases are adopted is limited by statute to what the actuary determines can be adequately financed by the commitment of the employer to contribute the same amount as the employee. The statute specifies that the actuary's determination is based on a maximum period for amortizing the unfunded pension benefit obligation of 30 years. (For more detailed information concerning the retirement plan, see APPENDIX B, "EXCERPTS FROM THE COUNTY'S ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDING SEPTEMBER 30, 2008" - Note # 12.)

OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits through the Texas County and District Retirement System, the County has opted to provide eligible retired employees with the following post-employment benefits:

• Eligible retirees may purchase health insurance from the County's healthcare provider at the County's cost to cover current employees
• Eligible retirees may purchase health insurance from the County's healthcare provider at the County's cost to cover current employees for dependents if the dependents were covered at the point of retirement

The County recognizes its share of the costs of providing these benefits when paid, on a "pay-as-you-go" basis. These payments are budgeted annually. The amount budgeted for the fiscal year ending September 30, 2009 is $3,334,244. The appropriation for the fiscal year ending September 30, 2008 was $2,892,342. At September 30, 2008, there were approximately 333 participants eligible to receive such benefits. Commencing in fiscal year 2008, the County implemented GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions." The County has performed an actuarial valuation of its post-retirement benefit liability. The financial statement disclosures for 2008 are as follows:

The following table shows the calculation of the Annual Required Contribution on the Net OPEB Obligation.

	Fiscal Year Ending 9/30/2008	
	4%	**7%**
Determination of Annual Required Contribution		
Normal Cost at Fiscal Year End	$ 15,005,349	$ 7,896,784
Amortization of Unfunded Actuarial Accrued Liability	11,979,958	9,896,488
Annual Required Contribution	$ 26,985,307	$ 17,793,272
Determination of Net OPEB Obligation		
Annual Required Contribution	$ 26,985,307	$ 17,793,272
Less Assumed Contributions Made	2,834,214	17,793,272
Estimate Increase in Net OPEB Obligation	$ 24,151,093	$ 0
Net OPEB Obligation – Beginning of Year	$ 0	$ 0
Net OPEB Obligation – End of Year	$ 24,151,093	$ 0

The following table shows the annual OPEB cost and net OPEB obligation for the prior 3 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
9/30/2006	N/A	N/A	N/A	N/A
9/30/2007	N/A	N/A	N/A	N/A
9/30/2008	4.0%	$ 26,985,307	10.50%*	$ 24,151,093

* Estimated using assumed contributions of $2,834,214

FINANCIAL INFORMATION

TABLE 13 - CHANGES IN NET ASSETS

	Fiscal Year Ended September 30,				
Revenues:	2008	2007	2006	2005	2004
Program Revenues:					
Charges for Services	$ 33,424,910	$ 30,555,885	$ 27,221,567	$ 36,559,925	$ 31,565,330
Operating Grants and Contributions	24,399,799	19,049,110	8,615,726	14,341,902	13,395,498
Capital Grants and Contributions	33,540,586	103,693,431 (1)	73,252,137 (1)	21,348,940	37,964,056
General Revenues:					
Property Taxes	171,832,680	151,404,502	137,839,711	127,696,573	112,279,163
Earnings on Investments	8,072,311	12,009,284	5,999,017	3,109,378	2,024,399
Unrestricted	-	-	4,515,643	-	-
Other	2,170,172	1,693,188	228,309	329,311	635,621
Total Revenues	$ 273,440,458	$ 318,405,400	$ 257,672,110	$ 203,386,029	$ 197,864,067
Expenditures:					
General Administration	$ 41,632,474	$ 12,414,272	$ 23,638,550	$ 42,976,074	$ 36,904,539
Financial Administration	7,588,070	5,666,739	5,127,456	4,176,563	4,131,888
Administration of Justice	45,849,068	33,554,996	31,024,483	26,601,486	25,912,081
Construction & Maintenance	40,018,361	-	-	-	-
Road & Bridge	-	44,381,066	22,545,473	23,700,731	23,235,220
Health & Welfare	21,690,506	19,866,544	16,903,729	15,261,857	16,754,319
Cooperative Service	1,132,987	934,276	941,743	837,121	852,041
Public Safety	68,877,031	52,325,953	44,544,768	36,863,732	34,474,028
Parks & Recreation	2,114,983	1,822,404	623,401	1,712,461	1,792,004
Flood Control Projects	-	6,434,608	10,175,820	7,723,490	8,596,996
Libraries & Education	12,280,421	10,694,749	10,484,078	9,059,591	8,623,790
Interest on Long-Term Debt	10,621,067	6,051,065	4,165,438	3,349,584	3,554,275
Total Expenditures	$ 251,804,968	$ 194,146,672	$ 170,174,939	$ 172,262,690	$ 164,831,181
Change in Net Assets	$ 21,635,490	$ 124,258,728	$ 87,497,171	$ 31,123,339	$ 33,032,886
Net Assets, Beginning	642,199,088	517,940,360 (2)	414,165,867	383,042,528	350,009,642
Ending Fund Balance	$ 663,834,578	$ 642,199,088	$ 501,663,038	$ 414,165,867	$ 383,042,528

Source: County's audited financial statements.
(1) Represents Texas Department of Transportation projects with the County as a partner that have been completed.
(2) Restated.

TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,					
Revenues:	2009[1]	2008	2007	2006	2005	2004
Taxes	$ 148,276,694	$139,477,502	$122,607,412	$112,711,211	$100,918,691	$ 90,211,468
Fees and Fines	15,302,040	20,061,234	18,593,505	14,234,628	14,031,600	12,571,473
Intergovernmental	8,653,211	14,556,972	6,519,034	6,175,631	8,222,108	4,257,202
Earnings on Investments	1,009,713	2,866,409	4,469,895	3,072,671	1,661,815	1,027,560
Contributions and Donations	-	-	-	-	-	-
Miscellaneous	2,931,666	1,657,663	2,342,280	3,865,252	2,604,657	3,990,902
Total Revenues	$ 176,173,324	$178,619,780	$154,532,126	$140,059,393	$127,438,871	$112,058,605
Expenditures:						
Current Operating:						
General Administration	27,378,761	35,207,103 [2]	26,030,749	24,503,686	22,871,489	$ 19,143,259
Financial Administration	5,500,043	6,328,276	5,631,690	5,089,685	4,768,430	4,590,504
Administration of Justice	17,336,278	22,752,204	18,784,040	17,656,232	16,055,237	15,698,120
Road & Bridge	-	-	2,693,264	2,419,329	-	-
Construction and Maintenance	2,271,485	2,637,980	-	-	2,333,290	2,162,152
Health & Welfare	13,795,125	17,179,487	14,957,641	14,416,893	13,551,235	13,754,117
Cooperative Service	785,586	975,720	934,276	890,696	884,948	871,547
Public Safety	61,418,213	61,678,076 [2]	50,294,207	44,440,563	40,096,760	35,180,996
Parks & Recreation	1,289,252	1,739,346	1,822,404	1,667,241	1,618,790	1,716,537
Libraries & Education	8,287,428	10,342,295	10,605,484	10,059,445	8,927,383	8,731,484
Capital Outlay	6,962,096	8,590,318	15,321,628	4,582,355	5,190,938	10,524,175
Debt Service:						
Principal Retirement	-	-	-	-	-	-
Interest & Fiscal Charges	-	-	-	-	-	-
Total Expenditures	$ 145,024,267	$167,430,805	$147,075,383	$125,726,125	$116,298,500	$112,372,891
Revenues Over (Under) Expenditures	$ 31,149,057	$ 11,188,975	$ 7,456,743	$ 14,333,268	$ 11,140,371	$ (314,286)
Transfer In (Out)	(9,129,143)	(8,145,190)	(8,594,882)	(6,881,360)	(11,347,488)	(8,280,864)
Beginning Fund Balance, January 1		35,701,557	36,839,696	29,387,788	29,594,905	38,190,055
Ending Fund Balance		$ 38,745,342	$ 35,701,557	$ 36,839,696	$ 29,387,788	$ 29,594,905

Source: County's audited financial statements.

(1) Unaudited, provided by the County. As of June 30, 2009.

(2) Construction in Progress expenditures were previously categorized as Capital Outlay. These expenditures are now categorized based on the governmental function it benefits.

FINANCIAL POLICIES

Basis of Accounting . . . The accounting policies of the County conform to generally accepted accounting principles for governmental entities as promulgated by the Government Accounting Standards Board. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the combined balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the combined balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The accounts of the Governmental Fund Types (the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds) and Agency Funds are maintained, and the financial statements have been prepared, on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when they become susceptible to accrual (i.e., both measurable and available). Available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. Substantially all revenues, except property taxes, are considered to be susceptible to accrual. Property taxes, which are levied in the last quarter of the year and collected before year-end, are considered deferred revenues because such revenues are not legally available to pay liabilities in the current year. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on the general long-term debt are recognized as expenditures when due.

General Fund Balance . . . The General Fund is used to account for all revenues and expenditures not accounted for in other funds, relating to general operations.

Debt Service Fund Balance . . . Used to account for payment of principal and interest on general long-term debt.

Budgetary Procedures . . . The County Budget Officer prepares the proposed budget using revenue estimates furnished by the County Auditor. A public hearing is held on the budget before finalizing it. The Commissioners Court may increase or decrease the amounts requested by the departments. In the final budget, which is usually adopted in the last quarter of the year, appropriations of the budgeted funds cannot exceed the available fund balances in such funds on January 1, plus the estimated revenues for the ensuing year. During the year, the Commissioners Court may increase budgeted revenues and expenditures for unexpected revenues or beginning fund balances in excess of budget estimates, provided it rules that a state of emergency exists. The level of budgetary control is at the major operating group level. There are four major operating groups:

Salary and Personnel Costs	Information Technology Costs
Operating and Training Costs	Capital Acquisition Costs.

The underlying budget is maintained at the line item level, but departments are able to transfer amounts within each major group without court approval. Transfers between major groups require court approval. Transfers among individual expenditure line items within major categories may be made during the year, but no such transfer may increase the overall total of the budget without the declaration of an emergency. It is the amended budget that is presented in the financial statements on the budgetary basis. Except for transfers among budgeted line items and the amendment to the indigent health care budget, there were no other significant increases in the adopted budget.

INVESTMENTS

The County invests 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, including letters of credit; (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 and interest of which is 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) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) that are issued by or through an institution that either has its main office or a branch in Texas, and 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 clauses (1) through (6) 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) securities lending programs if (i) the securities loaned under the program are 100% 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) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the County, held in the County's name and deposited at the time the investment is made with the County or a third party designated by the County; (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, (10) certain 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, (11) commercial paper with a stated maturity of 270 days or less 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, (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated 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, and (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in the this paragraph, 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. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The County may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The County is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Effective September 1, 2003, governmental bodies in the State are authorized to implement securities lending programs if (i) the securities loaned under the program are collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the Agency or a third party designated by the Agency; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

INVESTMENT POLICIES

Under Texas law, the County is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for County funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All County funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, County investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the County shall submit an investment report detailing: (1) the investment position of the County, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest County funds without express written authority from the Commissioners Court.

ADDITIONAL PROVISIONS

Under Texas law the County is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers' with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Commissioners Court; (3) require the registered principal of firms seeking to sell securities to the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the County's investment policy; (5) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (7) restrict its investment in mutual funds in the aggregate to no more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in mutual funds; and (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

TABLE 14 - CURRENT INVESTMENTS

As of June 30, 2009 the County's investable funds were invested in the following categories:

Description	Percent of Total	Book Value	Market Value
Texas Term Investment Pool	45.40%	224,402	224,402
LOGIC State Pool	54.60%	269,848	269,848
	100.00%	$ 494,250	$ 494,250

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, (i) interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and (ii) interest on the Bonds is not includable in the alternative minimum tax on individuals, or except as described below, corporations.

The Internal Revenue Code of 1986, as amended (the "Code") imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The County has covenanted in the Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Order pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the 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 should fail to comply with the covenants in the Order or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

Under the Code, taxpayers are required to report on their returns the amount of tax exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

The Code also imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT), includes 75% of the amount by which its "adjusted current earnings" exceeds its other "alternative minimum taxable income." Because interest on certain 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 ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits, including tax exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the County as the taxpayer and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by First Southwest Company on behalf of the County relating to (a) computation of forecasted receipts of principal and interest on the restricted acquired obligations and the forecasted payments of principal and interest to redeem the Refunded Bonds, and (b) computation of the yields on the Bonds and the restricted obligations was examined by Grant Thornton LLP, certified public accountants. Such computations were completed using certain assumptions and information supplied by First Southwest Company on behalf of the County. Grant Thornton LLP has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions or the achievability of the forecasted outcome.

OTHER INFORMATION

RATINGS

The presently outstanding tax supported debt of the County, including the Bonds, is rated "Aa2" by Moody's and "AA+" by S&P without regard to credit enhancement. 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.

LITIGATION

It is the opinion of the County Attorney and County Staff that there is no pending litigation against the County that would have a material adverse financial impact upon the County or its operations.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The County assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - RATINGS" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the 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 required for authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bonds and to the effect that the Bonds are valid and legally binding obligations of the County, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law and the Bonds are not private activity bonds, subject to the matters described under "TAX MATTERS" herein, including alternative minimum tax consequences for corporations. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the statements and information describing the Bonds and the Order in the Official Statement under the captions "PLAN OF FINANCING - REFUNDED BONDS," "THE BONDS" (except for information under the subsection captioned "BOOK-ENTRY-ONLY SYSTEM,"), "TAX MATTERS," "OTHER INFORMATION – REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "OTHER INFORMATION – LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "OTHER INFORMATION – LEGAL MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" (except for information under the subsection captioned "COMPLIANCE WITH PRIOR UNDERTAKINGS") fairly and accurately describe the provisions thereof and are correct as to matters of law.. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from County records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

FINANCIAL ADVISOR

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

The Financial Advisor to the 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, represented by Morgan Keegan & Company, Inc., have agreed, subject to certain conditions precedent, to purchase the Bonds from the County, at a price of $22,831,766.29 (representing the par amount of the Bonds of $20,780,000 plus a premium of $2,170,147.05, less an underwriters' discount of $118,380.76) plus accrued interest on the Bonds from the Dated Date to the date of Closing. 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.

The Underwriters have reviewed the information in this official statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the County, that are not purely historical, are forward-looking statements, including statements regarding the County's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the County on the date hereof, and the County assumes no obligation to update any such forward-looking statements. The County's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgements 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.

CONTINUING DISCLOSURE OF INFORMATION

In the Order, 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 material events, to certain information vendors. This information will be available to securities brokers and others who subscribe to receive the information from the vendors.

ANNUAL REPORTS

The County will provide certain updated financial information and operating data to certain information vendors annually. The information to be updated includes all quantitative financial information and operating data with respect to the County of the general type included in this Official Statement under Tables numbered one through seven and nine through fourteen and in Appendix B. The County will update and provide this information within six months after the end of each fiscal year. The County will provide the updated information to the Municipal Securities Rulemaking Board's EMMA System ("EMMA") as required by SEC Rule 15c2-12.

The County may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the County commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the County will provide unaudited financial information and operating data which is customarily prepared by the County by the required time, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the County may be required to employ from time to time pursuant to state law or regulation.

The County's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will notify EMMA of the change.

MATERIAL EVENT NOTICES

The County will also provide timely notices of certain events to certain information vendors. The County will provide notice of any of the following events with respect to the Bonds, if such event is material to a decision to purchase or sell Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (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 or events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds; (8) Bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds; and (11) rating changes. 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." The County will provide each notice described in this paragraph to the SID and to EMMA.

AVAILABILITY OF INFORMATION FROM NRMSIRS AND SID

The County has agreed to provide the foregoing information only to NRMSIRs, any SID, and the MSRB, as applicable. Prior to July 1, 2009, the information will be available to holders of Bonds only if the holders comply with the procedures and pay the charges established by such information vendors or obtain the information through securities brokers who do so. Effective July 1, 2009, all such information must be filed with the MSRB, rather than the current NRMSIRs. The MSRB intends to make the information available to the public without charge through an internet portal."

The SEC has approved amendments to the Rule, to become effective July 1, 2009, to designate the MSRB as the sole NRMSIR. To make such continuing disclosure information available to investors free of charge, the MSRB has established the Electronic Municipal Market Access ("EMMA") system. The County will be required to file its continuing disclosure information using the EMMA system beginning on July 1, 2009. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

AMENDMENTS

The County may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the County (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The County may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of the SEC Rule 15c2-12 are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the County so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "ANNUAL REPORTS" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS

The County has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

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 Order authorizing the issuance of the Bonds will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Underwriters.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the County will furnish a certificate, executed by proper officers, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the County contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of said Bonds and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the County and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the County, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the County believes to be reliable and the County has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the County since the date of the last audited financial statements of the County.

The Order authorizing the issuance of the Bonds will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Underwriters.

FORT BEND COUNTY, TEXAS

/s/ Robert Hebert
County Judge

ATTEST:

/s/ Dianne Wilson
County Clerk

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SCHEDULE I

SCHEDULE OF REFUNDED BONDS

Unlimited Tax Road Bonds, Series 2001

Maturity March 1	Interest Rate	Par Amount	Call Date	Call Price
2011	5.000 %	$ 2,050,000	03/01/10	100.00 %
2012	5.000	2,050,000	03/01/10	100.00
2013	5.000	2,050,000	03/01/10	100.00
2014	5.000	2,050,000	03/01/10	100.00
2015	4.800	2,050,000	03/01/10	100.00
2016	4.900	2,050,000	03/01/10	100.00
2017	5.000	2,050,000	03/01/10	100.00
2018	5.000	2,050,000	03/01/10	100.00
2019	5.000	2,050,000	03/01/10	100.00
2020	5.000	2,050,000	03/01/10	100.00
2021	5.000	2,050,000	03/01/10	100.00
		$ 22,550,000		

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APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY

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THE COUNTY

The following information has been derived from various sources, including the Texas Almanac, Texas Municipal Reports, U.S. Census Bureau, Greater Fort Bend Economic Development Council, Fort Bend Chamber of Commerce, National Decision Systems, Texas Employment Commission, Sales and Marketing Management, Urban Decision Systems, Woods & Poole Economics, and County officials. While such sources are believed to be reliable, no representation is made as to the accuracy thereof.

GENERAL

Fort Bend County, a component of the Houston Statistical Area, has an economy based on mineral production, construction, manufacturing and agriculture. According to the Fort Bend County Economic Development Council, the County has been one of the nation's twenty fastest growing counties for over fifteen years. The County was created from Austin County in 1837 and organized in 1838 and encompasses 876 square miles. The County is located in the coastal plains of southeast Texas, bordering Harris County to the northeast. The County is bisected from east to west by U.S. Highway 59 and north to south by State Highway 36.

Cities within the County are Richmond, Rosenberg, Sugar Land, Needville, Beasley, Kendleton, Orchard, Fulshear, Pleak, Arcola, Simonton, Thompsons and portions of Katy, Missouri City, Stafford and a very small portion of Houston.

Schools within the County are Fort Bend ISD, Kendleton ISD, Lamar Consolidated ISD, Needville ISD, Katy ISD, Stafford Municipal ISD and Wallis-Orchard ISD. The school district with the largest assessed value is Fort Bend ISD, comprising approximately 174 square miles located in the northeastern section of the County and adjacent to portions of Harris County and Brazoria County. The boundaries of Fort Bend ISD include the Cities of Sugar Land and Missouri City. The school district encompassing the largest area in the County is Lamar Consolidated ISD, comprising approximately 328.68 square miles located in the central and west portion of the County. The boundaries of Lamar Consolidated ISD include the cities of Richmond and Rosenberg.

Two Junior College systems have satellite campuses in Fort Bend County: Wharton County Junior College has campuses located in Richmond and Sugar Land, and Houston Community College has a campus located in Stafford. The West Houston Institute of the University of Houston occupies a facility in the Cinco Ranch project in the North Central portion of the County. Additionally, the University of Houston at Sugar Land brings the resources of the four UH System universities into Fort Bend County. Through the collaborative efforts of the University of Houston and Wharton County Junior College, all the course work for accredited bachelor's and master's degree programs can be done in Sugar Land. More than 1,400 students now attend classes at the Sugar Land campus and can choose from more than 32 degree programs through the masters level at this multi-institutional teaching center. The community college offers freshman and sophomore courses, while the University of Houston Sugar Land offers junior, senior and master's courses.

MAJOR EMPLOYERS

Employer	Line of Business	Number of Employees
Fort Bend ISD	Public Education	9,500
Fluor Daniel	Engineering, Construction, Maintenance & Technical Services	4,000
Lamar CISD	Public Education	3,016
Schlumberger Technology Corp.	Energy Exploration Technology/Research	2,100
Fort Bend County	County Government	2,000
Texas Instruments	Electronics & Semiconductor Manufacturer	1,400
Richmond State School	Special Education	1,396
SouthWest Water	Manages, Operates & Maintains Waste Water Systems	1,332
United Parcel Service	Package Distribution	1,100
Houston Community College	Public Education	815
Methodist Sugar Land Hospital	Healthcare	760
Wharton County Junior College	Public Education	623
Oak Bend Medical Center	Healthcare	615
Frito-Lay, Inc.	Snack Food Manufacturer	511
Tramontina	Manufacturer & Marketer of Cutlery & Cookware	501
Baker Petrolite, Inc.	Checmical Manufacturer	491
Nalco Company	Chemical Production	475
Personix	Plastic Card Embossing	460
Tyco Valves & Controls	Valve Manufacturer	450
Memorial Hermann - Fort Bend	Hospital	450
National Oilwell Varco, Inc.	Manufacturing & Service for Drilling & Oilfield Equipment	420
Puffer-Sweiven	Supplier of Products & Services for Process Control	415
Hudson Products	Industrial Equipment Manufacturer	400
Flextronics	Electronics, Design, Fabrication, Assembly & Test Company	336
Suntron Corporation	Manufacturer	330
Yokogawa Corp. of America	Manufacturer & Supplier of Instrumentation, Process Control	317
Texas Dept. of Criminal Justice	State Prison	300
Noble Drilling Services	Drilling Services	300
Hines Nurseries	Agriculture Nursery	300
Allied Concrete	Produces Concrete	288
ION Geophysical Corporation	Manufacturer of Seismic Data Equipment	284
Fairfield Industries	Seismic Company	256
Champion Technologies, Inc.	Specialty Chemical Company	246
AT&T	Telephone Utility	238
General Technologies, Inc.	Specialty Reinforcement Systems	175
Sunoco Logistics Partners	Pipeline	165
Kelsey-Seybold Clinic	Healthcare	160
Crown & Cork Seal	Supplier of Packaging Products to Consumer Marketing	160
Imperial Sugar	Cane Sugar Refining and Production	150
Benedittini Cabinetry	Cabinetry Manufacturer	135
Biotics Research Corporation	Manufacturer of Specially Designed Nutritional Products	130
Cardinal Health	Global Healthcare Service Hostipals, Pharmacies & Suppliers	120
Tadiran Microwave Networks	Manufacturer/Supplier of Microwave Radio Equipment	103
CenterPoint Energy	Electric Utility	100

Source: Greater Fort Bend County Economic Development Council, 2009

POPULATION[(1)]

1960	1970	1980	1990	2000
40,527	52,314	130,846	225,421	354,452

(1) Source: U.S. Census Bureau.

HOUSEHOLD INCOME COMPARISON

	Fort Bend County	Texas	United States
Under $15,000	5.5 %	13.7 %	13 %
$15,000-$24,999	5.5 %	11.3 %	10.8 %
$25,000-$34,999	6.8 %	11.2 %	11 %
$35,000-$49,999	11.7 %	15.7 %	15.5 %
$50,000-$74,999	19.4 %	19.1 %	19.4 %
$75,000-$99,999	15.7 %	10.9 %	11.8 %
$100,000-$149,999	20.9 %	11.3 %	11.5 %
Over $150,000	14.5 %	6.8 %	7.1 %

Source: US Census 2000 with ESRI forecasts for 2005.

LABOR STATISTICS

Calendar Year	Labor Force	Total Employment	Unemployment	Rate
2002	206,947	196,216	10,731	5.2%
2003	217,182	203,879	13,303	6.1%
2004	225,687	213,190	12,497	5.5%
2005	235,978	223,641	12,337	5.2%
2006	244,977	233,293	11,684	4.8%
2007	253,919	243,532	10,387	4.1%
2008	259,044	247,350	11,694	4.5%
2009 (1)	261,686	244,221	17,465	6.7%

Source: Texas Employment Commission.
(1) Average through July 2009.

INCOME STATISTICS

Calendar Year	Estimated Population	Total Retail Sales	Median Household EBI	Total EBI
1999	351,700	$ 4,139,063,000	$ 59,865	$ 7,774,846,000
2000	384,100	4,090,476,000	62,523	8,139,127,000
2001	380,200	4,207,997,000	54,295	7,908,754,000
2002	398,700	4,616,948,000	57,051	9,038,563,000
2003	418,900	5,117,960,000	56,982	9,616,375,000
2004	448,400	5,845,277,000	57,869	10,469,115,000

Source: Sales and Marketing Management Survey of Buying Power.

Transportation

Highway Infrastructure . . . The County can be easily accessed by road systems from every direction. The Southwest Freeway (US 59), Katy Freeway (I-10), US 90A, the Fort Bend Westpark Toll Road and the Fort Bend Parkway Toll Road generally provide access to the County from east to west. State Highway 6, the Sam Houston Tollway (Beltway 8), State Highway 36, FM 723, and the Grand Parkway all provide excellent north-south access from US 59 to I-10. The Texas Department of Transportation provides responsive programs in an effort to meet all requirements of a growing County.

By Land . . . Trucking is now deregulated with more than 600 truck lines operating within the Houston region. Rates are negotiable. No additional transportation costs are required for companies delivering finished products to or from Fort Bend County.

By Sea . . . Fort Bend's proximity to one of the world's busiest ports adds an international dimension to its market access. The Port of Houston ships cargo to 200 ports around the world. County companies have easy access to the Port via U.S. Highway 59, the most utilized highway serving Mexico from the Port of Houston.

By Rail . . . The Burlington North & Santa Fe and Union Pacific provide the necessary rail service for the greater Houston metropolitan area. These railroads give manufacturers effective access to raw materials and low cost transportation for their finished goods to all national markets.

By Commercial Air . . . **George Bush Intercontinental/Houston** and **William P. Hobby Airports** provide extensive, cost-effective air transportation to 150 destinations worldwide. Travelers can reach anywhere in the United States or Mexico in five hours or less by air. These modern, highly advanced airports can meet the needs of the smallest to the largest companies in the marketplace.

By Corporate Air . . . **Sugar Land Municipal Airport** is a general aviation facility with the capability to service all types of aircraft. The airport is an all-weather facility with a new tower allowing for improved commercial and corporate air service. **Houston Southwest Airport** is a convenient alternative in southeast Fort Bend County with easy access to the Texas Medical Center, Reliant Park and the emerging Highway 288 commercial corridor.

By Overnight Express . . . UPS, Federal Express, and DHL are among the many carriers that serve Fort Bend County's domestic and international delivery needs. UPS, the largest package distribution company in the world, has a distribution hub located in Stafford.

Water Transportation . . . The Port of Houston adds an international dimension to the exceptional market access enjoyed by Fort Bend companies. Whether a company needs to import raw materials or export finished products, the Port has the facilities and equipment to accommodate shipper's needs in a cost-effective manner.

Utilities

Electricity . . . Reliant Energy is engaged in the generation, transmission, distribution and sale of electric energy, serving an estimated area of 5,000 square miles. With over 13 million kilowatts in net generating capability, Reliant Energy is fully equipped to handle the electric needs of any industrial or commercial consumer, now and in the foreseeable future.

Natural Gas . . . Natural gas is abundant with Center Point Energy offering a reliable long-term supply to companies in the region.

APPENDIX B

EXCERPTS FROM THE

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2008

The information contained in this Appendix consists of excerpts from the Fort Bend County, Texas Annual Financial Report for the Year Ended September 30, 2008, and is not intended to be a complete statement of the County's financial condition. Reference is made to the complete Report for further information.

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Null-Lairson, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fort Bend County, Texas, (the "County") as of and for the year ended September 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2009 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions or laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report, which has been issued separately from this document, is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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2277 Plaza Drive | Suite 260 | Sugar Land, TX 77479 | (P) 281.242.8600 | (F) 713.621.1570
www.null-lairson.com

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fort Bend County, Texas' basic financial statements. The management's discussion and analysis, budgetary comparison information, and pension system information on pages 3 through 11 and 53 through 55, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The introductory section, combining and individual fund financial statements and schedules, as well as statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Null-Lairson, P.C.

March 31, 2009
Houston, Texas

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FORT BEND COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
As management of Fort Bend County (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by $663.8 million *(net assets).* Of this amount, $42.3 million *(unrestricted net assets)* may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by $21.6 million.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of $170.5 million, a decrease of $61.6 million over the prior year.
- At the end of the current fiscal year approximately $38.5 million is *available for spending* at the government's discretion *(unreserved, undesignated general fund balance).* This fund balance amounts to 23% percent of total general fund expenditures.
- As of fiscal year 2008, the County reported other post-employment benefit obligations (OPEB) of $24.2 million as a result of implementing GASB Statement No., 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions".
- The County's total debt decreased by $8.5 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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets.* Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present functions of the County that are principally supported by taxes *(governmental activities).* The governmental activities of the County include general administration, financial administration, administration of justice, construction and maintenance, health and welfare, cooperative service, public safety, parks and recreation, libraries and education, and interest on long-term debt.

The government-wide financial statements include not only the County itself (known as *the primary government),* but also legally separate entities for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The County's three discretely presented component units consist of the following:

- Fort Bend Toll Road Authority
- Fort Bend Surface Water Supply Corporation
- Fort Bend Housing Finance Corporation

The government-wide financial statements can be found on pages 15 through 17 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 115 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, debt service, mobility and 2007 facilities bond funds, all of which are considered to be major funds. Data from the other 111 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in the comprehensive annual financial report.

The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

Proprietary funds. The County uses internal service funds to report activities that provide services for the County's other programs and activities. The Employee Benefits Fund and Other Self-Funded Insurance Fund are the County's internal service funds. Their purpose is to provide for the accumulation of money for insurance and employee benefits used in County operations. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the comprehensive annual financial report.

The basic proprietary fund financial statements can be found on pages 22 through 24 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 25 of this report.

Combining component unit financial statements. The County's three 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.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 through 53 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 55 through 57 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $663.8 million at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (93.0 percent) reflects its investment in capital assets (e.g., land, buildings, vehicles, road equipment, office furniture and equipment, infrastructure, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CONDENSED SCHEDULE OF NET ASSETS
September 30, 2008 and 2007

	Primary Government Governmental Activities	
	2008	**2007**
Current and other assets	$ 227,762,347	$ 278,241,320
Capital assets, net	746,378,348	644,835,009
Total Assets	974,140,695	923,076,329
Long-term liabilities	273,135,701	256,169,243
Other liabilities	37,170,416	24,707,998
Total Liabilities	310,306,117	280,877,241
Net Assets:		
Invested in capital assets, net of debt	617,510,083	571,604,116
Restricted	4,034,606	2,712,985
Unrestricted	42,289,889	67,881,987
Total Net Assets	$ 663,834,578	$ 642,199,088

A portion of the County's net assets ($4.0 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* ($42.3 million) may be used to meet the government's ongoing obligations to citizens and creditors.

The County's assets exceeded liabilities by $664 million, resulting in an increase of $21.6 million from prior year. This increase primarily relates to the addition of capital assets net of depreciation of $102 million as a result of the County's building of infrastructure, roads and bridges, and facilities. This increase is offset by a reduction of capital grants and contributions of $67.7 million in relation to infrastructure contributed by developers from master-planned communities within the municipalities of the County during 2007. This increase is further offset by the County's implementation of GASB Statement No., 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions", which resulted in a liability of $24.2 million as of September 30, 2008. The increase is also impacted by operating revenues exceeding operating expenses by approximately $2 million.

FORT BEND COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

SCHEDULE OF CHANGES IN NET ASSETS

Year-ended September 30, 2008 and 2007

	Primary Government Governmental Activities	
	2008	**2007**
Revenues		
Program revenues:		
Charges for services	$ 33,424,910	$ 32,091,615
Operating grants and contributions	24,399,799	17,096,390
Capital grants and contributions	33,540,586	101,241,210
General revenues:		
Property taxes	171,832,680	151,404,502
Earnings on investments	8,072,311	12,095,793
Other	2,170,172	4,227,954
Total Revenues	273,440,458	318,157,464
Expenses		
General administration	41,632,474	36,523,584
Financial administration	7,588,070	5,655,962
Adminsitration of justice	45,849,068	33,416,844
Construction and maintenance	40,018,361	25,197,262
Health and welfare	21,690,506	19,465,407
Cooperative services	1,132,987	826,741
Public safety	68,877,031	49,422,796
Parks and recreation	2,114,983	1,699,999
Libraries and education	12,280,421	10,474,327
Interest on long-term debt	10,621,067	9,190,051
Total Expenses	251,804,968	191,872,973
Change in Net Assets	21,635,490	126,284,491
Net Assets, Beginning	642,199,088	515,914,597
Net Assets, Ending	$ 663,834,578	$ 642,199,088

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

Governmental activities increased the County's net assets by $21.6 million. The key element of this increase is as follows:

- Property tax revenues of $171.8 million, which increased by $20.4 million from prior year as a result of increased development in the County and higher property values.

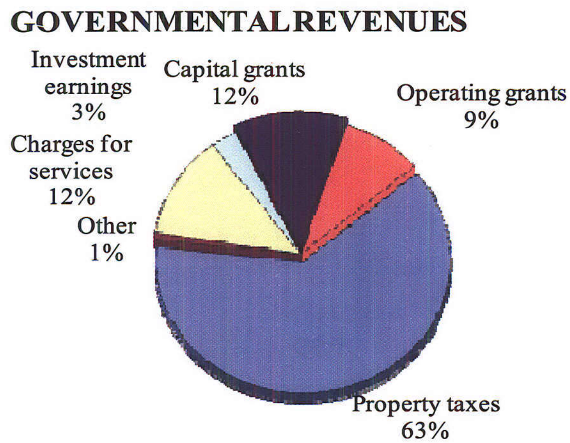
- The increase is offset by expenses for public safety of $68.9 million, an increase of $19.5 million from prior year; construction and maintenance of $40.0 million, an increase of $14.8 million from prior year; and administration of justice of $45.8 million, an increase of $12.4 million from prior year. These increases are primarily due to higher salaries and wages including benefits, higher fuel prices, and higher overall costs due to inflation.

- The increase is further offset by lower capital grants and contribution revenues by $67.7 million from prior year as a result of various donations of roads and right of way for new subdivisions during 2007.

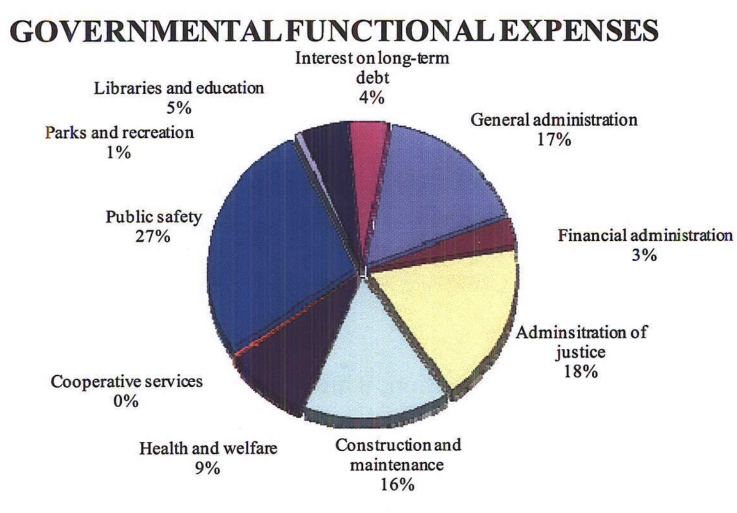
- This increase is also offset by the County's implementation of GASB Statement No., 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions", which resulted in a liability and related expenses of $24.2 million as of September 30, 2008.

- The remaining increase in net assets was due to overall operating revenue exceeding operating expenses by approximately $2 million.

Governmental Revenues for fiscal year 2008 are graphically displayed as follows:



Governmental functional expenses were as follows:



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the County's governmental funds is to provide information of near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements, in particular, unreserved 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 $170.5 million. Of this, $38.5 million is unreserved and available for day-to-day operations of the County. In addition, $4.4 million is reserved for debt service and the remaining reserved amount is for capital projects and prepaid items of $106.9 million and $0.2 million respectively.

There was a decrease in the combined fund balance of $61.6 million from the prior year. The decrease in fund balance includes a $14.0 million decrease in the Mobility Capital Projects fund and a $49.8 decrease in the capital project fund (2007 Facilities Bonds Fund) for facilities. The decrease in the Mobility Capital Projects fund and the 2007 Facilities Bonds Funds are primarily due to capital outlay expenditures for mobility and facility projects. The increase in the General Fund of approximately $3.0 million is due to operating revenues exceeding operating expenditures and net other financing uses during the course of operations.

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 has a net assets balance at fiscal yearend of $3.0 million. In addition, the Self-Funded Insurance Fund has deficit net assets of $2.4 million at fiscal year end. Expenses in the Other Insurance Fund exceeded the amount budgeted in previous fiscal years. However, amounts budgeted for expenses in this fund (and therefore revenues) have been increased for the future fiscal period, which should reduce the deficit net assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was an approximate $14 million decrease in appropriations between the original and final amended budget. The main components of the decrease are as follows:

- Approximately $6 million was transferred to multi-year capital projects with budgets that extend beyond the County's fiscal year.

- Approximately $8 million was allocated to the Juvenile Board for the operations of the Juvenile Probation Office.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of fiscal year 2008, the County's governmental activities had invested $746.4 million in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents an increase of approximately $102 million over the previous fiscal year.

FORT BEND COUNTY'S CAPITAL ASSETS

	Governmental Activities	
	2008	**2007**
Non-Depreciable Assets		
Land and intangibles	$ 270,596,282	$ 257,953,832
Construction in progress	133,300,768	94,641,782
Other Capital Assets, Net		
Vehicles	6,940,630	6,591,997
Office furniture and equipment	5,988,975	3,965,866
Machinery and equipment	9,813,297	8,830,097
Buildings, facilities and improvements	62,135,291	62,972,976
Infrastructure	257,603,104	209,878,459
Totals	$ 746,378,347	$ 644,835,009

Construction in progress at year-end represents numerous ongoing projects, the two largest being mobility bond projects ($42.6 million) and facilities bond projects ($56 million).

Long-Term Debt. At the end of the current fiscal year, the County had total bonds outstanding of $232.1million. This is a decrease of $8.2 million from prior year due to bond principal payments. The total amount relates to general obligation bonds.

	Governmental Activities	
	2008	**2007**
General Obligation Bonds	$ 232,130,000	$ 240,350,000
Total	$ 232,130,000	$ 240,350,000

The County received an insured rating of Aaa from Moody's. The uninsured ratings are as follows:

Moody Investor Service Aa2
Standard and Poor's AA+

The Fort Bend Housing Finance Corporation (the "Corporation"), a component unit of the County, has issued conduit debt in the amount of $98.3 million. The tax-exempt bonds issued by the Corporation do not constitute a debt or pledge of faith by the Corporation, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. As of September 30, 2008, approximately $42.7 million of total bonds are outstanding.

Additional information on capital assets and long-term debt is available in notes 6 and 7 respectively, to the financial statements

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's labor force is estimated to be up 2.2% to almost 259,214. Of those only 13,220 are currently unemployed indicating a 5.1% unemployment rate. Job availability in Fort Bend is also up by 3.4% at 210,240. This means that there are enough jobs in the County to support roughly 81% of Fort Bend's employed labor force.

On the housing front, title data indicates that 6,647 new homes were sold in Fort Bend County in 2008. While this is down 24%, this is still a very healthy number when you consider the impacts of Hurricane Ike on the region during the 4th quarter of calendar 2008. We have had stable and consistent new home growth in Fort Bend over the past 8 years averaging over 7,300 homes since 2001 and 7,900 homes over the past five years. When looking at predictors for continued success, mortgage interest rates, net new jobs, home appreciation and supply are all relevant to the outlook. Housing supply is expected to be in line with previous growth, if not better. HAR (Houston Association of Realtors) reports that 3 of the 10 hottest markets are in Fort Bend County as of August 2008 with inventories well below 6 months in age. At this level and with 4000+ acres of new master planned communities coming on line over the next few years, we expect new home sales in Fort Bend to have a solid year. Our 2008 population grew to 531,660 from 514,010 for a growth rate of 3.4%.

Property market values went up 14.7% to $47.7 billion in 2008 from $41.6 billion in 2007. This is a combination of market appreciation on existing property as well as new residential and commercial value added over the year. The County has experienced steady increases in market values over the past ten years. For this reason and as a result of the new commercial development, market values are expected to increase to over $50 billion in 2009.

The Commissioners Court approved a $214.4 million total budget for the 2009 fiscal year. This is a 12.5% increase over the adopted 2008 fiscal year budget. The growth in the budget is driven by increased costs of doing business as well as funding for drainage, mobility, and increased services to the citizens of the County. The overall tax rate was reduced by $0.01698 to $0.49976 for the 2009 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Fort Bend County's finances for all of those with an interest in the County's finances. Questions concerning this report or requests for additional financial information should be directed to Ed Sturdivant, County Auditor, 301 Jackson Suite 533, Richmond, TX 77469, telephone (281) 341-3760.

THE STATE OF TEXAS
FORT BEND COUNTY

BASIC FINANCIAL STATEMENTS

FORT BEND COUNTY, TEXAS
STATEMENT OF NET ASSETS
September 30, 2008

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and equivalents	$ 31,936,256	$ 3,577,712
Investments	165,061,854	18,322,581
Receivables:		
Taxes, net	7,716,568	
Grants	9,778,671	
Fees and fines	4,319,143	
Other	1,900,313	595,478
Prepaid items	205,354	1,039
Deferred issuance costs	2,238,945	844,510
Receivable from fiduciary fund	3,971,213	
Due from component units	634,030	
Capital assets, not being depreciated:	403,897,050	
Capital assets, net of accumulated depreciation:	342,481,298	157,133,288
Total Assets	974,140,695	180,474,608
LIABILITIES		
Accounts payable and accrued expenses	25,938,990	3,800
Retainage payable	5,370,742	
Accrued interest payable	911,236	562,786
Unearned revenues	3,845,318	
Due to primary government		634,030
Due to other governments	1,104,130	
Long-term liabilities due within one-year	15,590,681	
Long-term liabilities due in more than one-year	257,545,020	139,320,925
Total Liabilities	310,306,117	140,521,541
NET ASSETS		
Invested in capital assets, net of related debt	617,510,083	17,812,363
Restricted for:		
Debt Service	4,034,606	
Unrestricted	42,289,889	22,140,704
Total net assets	$ 663,834,578	$ 39,953,067

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

FORT BEND COUNTY, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended

September 30, 2008

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General administration	$ 41,632,474	$ 6,065,088	$ 6,386,016	$ 616,142
Financial administration	7,588,070	1,976,033		
Administration of justice	45,849,068	6,200,004	5,839,599	
Construction and maintenance	40,018,361	8,371,102	1,109,525	32,924,444
Health and welfare	21,690,506	5,299,438	4,680,936	
Cooperative services	1,132,987		1,936	
Public safety	68,877,031	5,061,015	6,066,374	
Park and recreation	2,114,983	189,273	102,738	
Libraries and education	12,280,421	262,957	212,675	
Interest on long-term debt	10,621,067			
Total Primary Government	$ 251,804,968	$ 33,424,910	$ 24,399,799	$ 33,540,586
Component Units				
FB Surface Water Supply Corp.	$	$	$	$
FB Toll Road Authority	14,550,796	15,154,691		91,500
FB Housing Finance Corp.	18,510	61,845		10,000
Total Component Units	$ 14,569,306	$ 15,216,536	$	$ 101,500

General revenues:

Property taxes, penalties, and interest

Unrestricted earnings on investments

Miscellaneous

Total General Revenues

Changes in Net Assets

Net Assets, Beginning

Net Assets, Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets	
Primary Government	
Governmental Activities	Component Units
$ (28,565,228)	
(5,612,037)	
(33,809,465)	
2,386,710	
(11,710,132)	
(1,131,051)	
(57,749,642)	
(1,822,972)	
(11,804,789)	
(10,621,067)	
(160,439,673)	
	$
	695,395
	53,335
	748,730
171,832,680	
8,072,311	779,899
2,170,172	142,955
182,075,163	922,854
21,635,490	1,671,584
642,199,088	38,281,483
$ 663,834,578	$ 39,953,067

FORT BEND COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2008

	General Fund	Debt Service Fund	Mobility Projects Fund	2007 Facilities Bonds Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and equivalents	$ 2,096,592	$ 4,334,041	$ 492,775	$ 446,739	$ 18,643,482	$ 26,013,629
Investments	40,317,255		25,590,462	88,697,032	10,457,105	165,061,854
Taxes receivable, net	5,997,278	575,343			1,143,947	7,716,568
Grants receivable	8,452,923				1,325,747	9,778,670
Fines and fees receivable	4,319,143					4,319,143
Other receivables	1,156,842	14,953	230		335,955	1,507,980
Due from other funds	13,043,316	21,505			121,790	13,186,611
Due from component units	634,030					634,030
Prepaid items	197,806			4,668	3,211	205,685
Total Assets	$ 76,215,185	$ 4,945,842	$ 26,083,467	$ 89,148,439	$ 32,031,237	$ 228,424,170
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 22,284,477	$	$	$	$ 180,993	$ 22,465,470
Accrued expenditures	11,144					11,144
Accrued payroll	3,644,795					3,644,795
Retainage payable	80,195		808,156	4,482,391		5,370,742
Due to other funds	28,681		1,883,052	5,730,156	1,817,462	9,459,351
Due to other governments	1,104,130					1,104,130
Deferred revenue	10,316,421	575,343			4,972,384	15,864,148
Total Liabilities	37,469,843	575,343	2,691,208	10,212,547	6,970,839	57,919,780
Fund Balances:						
Reserved for:						
Debt Service		4,370,499				4,370,499
Prepaid Items	197,806			4,668	3,211	205,685
Capital Projects			23,392,259	78,931,224	4,614,161	106,937,644
Unreserved, Reported in:						
General Fund	38,547,536					38,547,536
Special Revenue Funds					15,585,100	15,585,100
Capital Projects Funds					4,857,926	4,857,926
Total Fund Balances	38,745,342	4,370,499	23,392,259	78,935,892	25,060,398	170,504,390
Total Liabilities and Fund Balances	$ 76,215,185	$ 4,945,842	$ 26,083,467	$ 89,148,439	$ 32,031,237	$ 228,424,170

The notes to the financial statements are an integral part of this statement.

FORT BEND COUNTY, TEXAS

RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET ASSETS
September 30, 2008

Total fund balance, governmental funds	$ 170,504,390
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	746,378,348
Other long-term assets are not available to pay for current-period expenditures and are therefore deferred in the funds.	12,018,830
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	654,227
Some liabilities, (such as Long-term Claims and Judgments Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are reported in the governmental	
Bonds payable	(232,130,000)
Deferred issuance costs	2,238,945
Compensated absences	(4,852,979)
Other post-emploment benefit (OPEB) obligation	(24,151,093)
Premiums on issuance of debt	(5,914,854)
Accrued interest is not due and payable in the current period and therefore not reported in the funds	(911,236)
Net Assets of Governmental Activities	$ 663,834,578

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

FORT BEND COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2008

	General Fund	Debt Service Fund	Mobility Projects Fund	2007 Facilities Bonds Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 139,477,502	$ 20,223,244	$	$	$ 14,246,860	$ 173,947,606
Fees and fines	20,061,234	274,944			8,612,178	28,948,356
Intergovernmental	14,556,972	35,825	116,452		12,480,555	27,189,804
Earnings on investments	2,866,409	290,999	1,286,877	2,364,145	1,067,499	7,875,929
Miscellaneous	1,657,663		616,142		3,123,626	5,397,431
Total Revenues	178,619,780	20,825,012	2,019,471	2,364,145	39,530,718	243,359,126
EXPENDITURES						
Current:						
General administration	35,207,103				853,303	36,060,406
Financial administration	6,328,276				1,996	6,330,272
Administration of justice	22,752,204				16,142,860	38,895,064
Construction and maintenance	2,637,980				25,946,524	28,584,504
Health and welfare	17,179,487				3,189,555	20,369,042
Cooperative services	975,720					975,720
Public safety	61,678,076				1,403,044	63,081,120
Parks and recreation	1,739,346					1,739,346
Libraries and education	10,342,295				79,737	10,422,032
Capital Outlay	8,590,318		16,053,943	52,122,609	1,273,793	78,040,663
Debt Service:						
Principal		8,220,000				8,220,000
Interest and fiscal charges		12,266,435				12,266,435
Total Expenditures	167,430,805	20,486,435	16,053,943	52,122,609	48,890,812	304,984,604
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,188,975	338,577	(14,034,472)	(49,758,464)	(9,360,094)	(61,625,478)
OTHER FINANCING SOURCES (USES)						
Transfers in	431,150				9,138,548	9,569,698
Transfers out	(8,576,340)				(993,358)	(9,569,698)
Total other financing sources (uses)	(8,145,190)				8,145,190	
Net change in fund balances	3,043,785	338,577	(14,034,472)	(49,758,464)	(1,214,904)	(61,625,478)
Fund balances-beginning	35,701,557	4,031,922	37,426,731	128,694,356	26,275,302	232,129,868
Fund balances-ending	$ 38,745,342	$ 4,370,499	$ 23,392,259	$ 78,935,892	$ 25,060,398	$ 170,504,390

The notes to the financial statements are an integral part of this statement.

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, 2008

Net change in fund balances - total governmental funds:	$ (61,625,478)
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 capital outlay ($83.8 million) exceeded depreciation expense ($14.9 million) in the current period.	68,899,941
Capital contributions of infrastructure are reported in the governmental-wide financial statements but not in the fund financial statements.	32,807,991
The long-term portion of accrued compensated absences is not due and payable in the current period and is therefore not reported in governmental funds.	827,493
Changes in the other post-employment benefit (OPEB) obligation are not due and payable in the current period and therefore, not reported in governmental funds.	(24,151,093)
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.	(2,136,754)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment reflects the net change in interest payable on the accrual basis of accounting.	1,193,902
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	451,464
Principal payments on bonds are reported as expenditures in governmental funds but not as expenses in the government-wide statements.	8,220,000
Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment replacement, to individual funds. The net revenues (expenses) is reported with governmental activities.	(2,851,976)
Change in net assets of governmental activities	$ 21,635,490

FORT BEND COUNTY, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2008

	Governmental Activities
	Internal Service Funds
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 6,103,620
Due from other funds	312,795
Other receivables	393,429
Total assets	6,809,844
LIABILITIES	
Current liabilities:	
Benefits Payable - current portion	5,782,436
Due to other funds	68,842
Total current liabilities	5,851,278
Non-current liabilities:	
Benefits payable	304,339
Total liabilities	6,155,617
NET ASSETS	
Unrestricted	$ 654,227

The notes to the financial statements are an integral part of this statement.

FORT BEND COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended September 30, 2008

	Governmental Activities Internal Service Funds
Operating Revenues	
Charges for Services	$ 23,821,227
Total Operating Revenues	23,821,227
Operating Expenses	
Current operations - general administration	2,237,205
Benefits provided	24,435,998
Total Operating Expenses	26,673,203
Operating Income (Loss)	(2,851,976)
Non-Operating Revenues	
Earnings on investments	206,252
Total Non-Operating Expenses	206,252
Change in Net Assets	(2,645,724)
Net Assets (Deficit), Beginning	3,299,951
Net Assets (Deficit), Ending	$ 654,227

The notes to the financial statements are an integral part of this statement.

FORT BEND COUNTY, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended September 30, 2008

	Governmental Activities
	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Charges for services	$ 26,312,356
Payment of benefits	(22,373,256)
Payment of general administration expenses	(2,237,206)
Net Cash Provided by Operating Activities	1,701,894
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned on investments	206,252
Net Cash Provided by Investing Activities	206,252
Net Increase in Cash and Cash Equivalents	1,908,146
Cash and Cash Equivalents, Beginning of Year	4,195,474
Cash and Cash Equivalents, End of Year	$ 6,103,620
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities	
Operating (Loss)	$ (2,851,976)
Change in assets and liabilities	
(Increase) Decrease in other receivables	540,552
Increase (Decrease) in due from other funds	1,950,576
Increase (Decrease) in accounts payable	(75,859)
Increase (Decrease) in benefits payable	2,138,601
Total adjustments	4,553,870
Net Cash Provided by Operating Activities	$ 1,701,894

The notes to the financial statements are an integral part of this statement.

FORT BEND COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS

September 30, 2008

		AGENCY FUND
ASSETS		
Cash and cash equivalents	$	30,030,942
Miscellaneous receivables		248,891
Total Assets	$	30,279,833
LIABILITIES		
Due to other governments	$	26,308,620
Due to other funds		3,971,213
Total Liabilities	$	30,279,833

FORT BEND COUNTY, TEXAS

STATEMENT OF NET ASSETS
COMPONENT UNITS
September 30, 2008

	FBC Surface Water Supply Corporation	Fort Bend Toll Road Authority	Fort Bend Housing Finance Corporation	Totals
ASSETS				
Cash and cash equivalents	$ 7,377	$ 3,443,601	$ 126,734	$ 3,577,712
Investments		17,942,581	380,000	18,322,581
Prepaids				
Accrued interest receivable			10,250	10,250
Miscellaneous receivables		585,011	217	585,228
Deferred bond issuance costs		844,510		844,510
Prepaid items			1,039	1,039
Capital assets, net		157,133,288		157,133,288
Total Assets	7,377	179,948,991	518,240	180,474,608
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable			3,800	3,800
Due to primary government		634,030		634,030
Accrued interest payable		562,786		562,786
Long term liabilities				
Due in more than one year		139,320,925		139,320,925
Total Liabilities		140,517,741	3,800	140,521,541
NET ASSETS				
Invested in capital assets, net of related debt		17,812,363		17,812,363
Unrestricted	7,377	21,618,887	514,440	22,140,704
Total Net Assets	$ 7,377	$ 39,431,250	$ 514,440	$ 39,953,067

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

FORT BEND COUNTY, TEXAS
STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Year Ended September 30, 2008

		Program Revenues	
Functions/Programs	**Expenses**	**Charges for Services**	**Capital Grants and Contributions**
Fort Bend Toll Road Authority			
Toll road operations	$ 7,756,177	$ 15,154,691	$ 91,500
Interest on Long-term Debt	6,794,619		
Total Fort Bend Toll Road Authority	14,550,796	15,154,691	91,500
Fort Bend Housing Finance Corporation			
General administration	18,510	61,845	10,000
Total Fort Bend Housing Finance Corporation	18,510	61,845	10,000
Total Component Units	$ 14,569,306	$ 15,216,536	$ 101,500

General revenues:
Unrestricted earnings on investments
Miscellaneous
Total General Revenues
Changes in Net Assets
Net Assets, Beginning,
Net Assets, Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
FBC Surface Water Supply Corporation	Fort Bend Toll Road Authority	Fort Bend Housing Finance Corporation	Totals
$	$ 7,490,014	$	$ 7,490,014
	(6,794,619)		(6,794,619)
	695,395		695,395
		53,335	53,335
		53,335	53,335
	695,395	53,335	748,730
192	763,183	16,524	779,899
	142,955		142,955
192	906,138	16,524	922,854
192	1,601,533	69,859	1,671,584
7,185	37,829,717	444,581	38,281,483
$ 7,377	$ 39,431,250	$ 514,440	$ 39,953,067

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Fort Bend County, Texas ("County") is a public corporation and a political subdivision of the State of Texas. The Commissioners Court, composed of four County Commissioners and the County Judge, all of whom are elected officials, govern the County.

The County is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the County's financial reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the County's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the County is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the County's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended Component Units
Blended component units, although legally separate entities, are, in substance, part of the County's operations and so data of these units are combined with data of the County. Each of the County's blended component units has a September 30 year-end. The following component units have been identified and are presented in a blended format in the government-wide financial statements:

Fort Bend County Drainage District ("District")
Established under Section 59 of Article XVI of the Constitution of Texas, the District includes all of the property within Fort Bend County. The District was created for the purpose of reclamation and drainage of its lands. Commissioners Court acts as the governing body of the District. Complete financial statements for the District can be obtained at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 533, Richmond, Texas.

Fort Bend Flood Control Water Supply Corporation ("FBFCWSC")
The FBFCWSC is a non-profit corporation organized for the benefit of the County to provide for the acquisition, construction and financing of flood control and drainage projects for the County. Upon completion, these projects are maintained by the County. Commissioners Court appoints the Board of Directors and approves all budgets and expenditures. Complete financial statements for the Corporation can be obtained at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 533, Richmond, Texas.

Fort Bend Parkway Road District ("FBPRD")
The FBPRD, a limited purpose political subdivision, was created as a vehicle to provide cost participation for the development and construction of the Fort Bend Parkway in eastern Fort Bend County. The governing body is Commissioners Court. The District does not issue separate financial statements.

Discretely Presented Component Units
Discretely presented component units are presented in a separate column in the government-wide statements to emphasize that they are legally separate from the County. Each of the County's discretely presented component units has a September 30 year-end. The following component units have been identified and are presented in a discrete format in the County's financial statements:

Fort Bend Toll Road Authority
The Fort Bend Toll Road Authority is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. The Authority was created to assist in the planning, designing, financing and building of county roads and highways. In particular, the Authority is to assist in the building and operation of the Fort Bend Toll Road system that will extend from Sam Houston Parkway in Harris County to State Highway 6 and State Highway 99 in Fort Bend County. Commissioners Court 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. Financial information is available at the County Auditor's Office.

Fort Bend Surface Water Supply Corporation
The Fort Bend County Surface Water Supply Corporation was established for the purpose of conducting a feasibility study of a surface water facility in the area. Currently, revenue sources are primarily from special districts, private corporations, and other entities interested in the study. Commissioners Court appoints the Corporation's governing body. The County has financial accountability because it appoints a voting majority of the Board and the County can impose its will. Financial information is available at the County Auditor's Office.

Fort Bend County Housing Finance Corporation
The Fort Bend County Housing Finance Corporation was established under the Texas Housing Finance Corporation Act. The Corporation provides down payment assistance programs for individuals meeting certain income guidelines and serves as a conduit for activity related to bond issues for affordable housing in Fort Bend County. The tax-exempt bonds issued by the Corporation do not constitute a debt or a pledge of faith by the Corporation, but are payable by the user pursuant to terms defined in the loan agreements underlying each issue. Commissioners Court appoints the Corporation's governing body. The County has financial accountability because it appoints a voting majority of the Board and the County can impose its will. Complete financial statements for The Fort Bend Housing Finance Corporation are prepared and can be obtained at the East Fort Bend County Annex Building located at 3030 Texas Parkway, Suite 213, Missouri City, Texas.

B. Government-wide and Fund Accounting

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. While the previous reporting model emphasized fund types (the total of all funds of a particular type), the GASB 34 reporting model focuses on either the County as a whole or on major individual funds (within the fund financial statements). Typically, both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. All primary activities of the County are considered to be governmental type activities; therefore no business type activities are presented within the basic financial statements. In the government-wide Statement of Net Assets, governmental activities are presented on a full accrual, economic resource basis, which incorporates long-term assets and receivables, as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general administration, financial administration, public safety, etc.), which are otherwise being supported by general government revenues (property taxes, earnings on investments, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues. The program revenues must be directly associated with the function (general administration, financial administration, public safety, etc.).

The governmental funds major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile fund-based financial statements with the governmental column of the government-wide presentation.

The County's fiduciary funds are presented in the fund financial statements by type. Since, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Since the County only reports agency funds, a statement of changes in fiduciary net assets is not presented. All assets reported in agency funds should be offset by a corresponding liability, resulting in zero net assets.

In the fund financial statements, the accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Following is a description of the various funds:

The County reports the following major governmental funds:

General Fund
The General Fund is the County's primary operating fund. It is used to account for all financial transactions not properly includable in other funds. The principal source of revenue is local property taxes. Expenditures include all costs associated with the daily operations of the County.

Debt Service Fund

This fund is used to account for the debt service transactions relating to the following bond issues: Library Permanent Improvement Bonds Series 1997, Permanent Improvement Bonds Series1997, Permanent Improvements Refunding Bonds Series 2003, Unlimited Tax Road Bonds Series 2001, Unlimited Tax Road Bonds Series 2006, Unlimited Tax Road Bonds Series 2007, Fort Bend Flood Control Water Supply Corporation (FBFCWSC) Revenue Bonds Series 1995 (final payment in FY2008), FBFCWSC Refunding Bonds Series 1999 (final payment in FY2008), Fort Bend Flood Control Water Supply Corporation (FBFCWSC) Revenue Bonds Series 2001, and the Limited Tax Facilities Bonds Series 2007. This fund is also used to account for the debt service transactions associated with the Parkway Road District's Series 1990 Bonds. Revenues in this fund are comprised of property taxes levied against property located in the District.

Mobility Capital Projects Fund
The Mobility Fund is a Capital Projects Fund used to account for the proceeds of the General Obligation Bonds Series 2001, 2006 and 2007 which are being used to finance the construction and/or expansion of numerous roads in the County.

2007 Facilities Bonds Fund
The 2007 Facilities Bonds Fund is a Capital Projects Fund used to account for the proceeds of the Fort Bend County Limited Tax (General Obligation) Bonds Series 2007 which are being used to finance the construction and/or expansion of numerous County facilities.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund-types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net assets and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Proprietary fund equity consists of net assets. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The accounts of the Governmental Fund Types (the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds) and certain Component Units are maintained, and the financial statements have been prepared, on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when they become susceptible to accrual (i.e., both measurable and available). Available means collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Substantially all revenues, except property taxes, are considered to be susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as expenditures when due.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is that interfund services provided and used within the County are not eliminated in the process of consolidation. Elimination of these services would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Revenues that are generated internally are reported as general revenues, including property taxes.

Proprietary funds present both operating revenues and expenses as well as nonoperating 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 is reported as nonoperating revenue.

The accrual basis of accounting is used for the proprietary fund types and certain component units. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable.

The statements of net assets, statements of activities, and financial statements of proprietary fund types are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized in the accounting period in which they are earned, and expenses in the accounting period in which they are incurred.

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used as an extension of formal budgetary control. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities of the current year and are reappropriated in the budget of the subsequent year. Unencumbered appropriations lapse at the end of the year.

E. Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the Proprietary Fund Types consider temporary investments with maturities of three months or less when purchased to be cash equivalents.

F. Temporary Investments

The County's temporary investments are comprised of U.S. Government Securities and deposits in pooled investment accounts. Obligations with maturities of one year or less when purchased are reported on the balance sheet at their amortized cost, which approximates fair value. All other investments are reported at fair value. The investments in U.S. Government Securities are generally held to maturity.

G. Receivables

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

H. Due to and Due From Other Funds

During the course of operations, transactions occur between individual funds for specified purposes, such as lending/borrowing arrangements or amounts. In addition, the County maintains numerous bank accounts among all the funds and occasionally monies are deposited into the incorrect account. Therefore, a receivable and payable are recorded in the proper funds. These receivables and payables are classified as "due from other funds" or "due to other funds" or "due from component unit/primary government" or "due to component unit/primary government" if the transactions are between the primary government and its component unit.

I. Interfund Transfers

The County maintains numerous special revenue and capital project funds to account separately for monies that have been set aside for particular purposes. Often, these monies are initially budgeted in the General Fund during the annual budget process and are then transferred to various funds during the course of the fiscal year. In addition, when these projects are complete, these same funds often transfer residual monies back to the General Fund or some other fund, as determined where the monies should be returned. These interfund transfers are classified as "transfers in" and "transfers out" within the primary government.

J. Interest Receivable

Interest on investments is recorded as revenue in the year the interest is earned and available to pay liabilities of the current period.

K. Capital Assets

Capital assets used in governmental fund types of the government are recorded as expenditures of the General, Special Revenue and Capital Projects Funds and as assets in the government-wide financial statements to the extent the County's capitalization threshold is met, currently $5,000. 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 both the fund and government-wide levels. All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and resulting gain or loss is included in the results of operations.

The County applies a half-year convention for depreciation on all assets. Therefore, one half of a year of depreciation is charged to operations the first and last year that an asset is in service. Depreciation has been provided for plant and equipment using the straight-line method over the following estimated useful life for the type of assets as follows:

Asset Description	Estimated Useful Life
Vehicles	5 to 7 years
Office Furniture and fixtures	5 to 7 years
Machinery and equipment	7 to 15 years
Buildings, facilities, and land improvements	10 to 39 years
Infrastructure	20 to 40 years

L. Accrued Compensated Absences

All full-time employees accumulate vacation benefits in varying annual number of days up to a maximum of twenty days a year. Accumulated vacation exceeding twenty days lapses on December 31 of each year.

Compensatory time exceeding 240 hours is paid to nonexempt employees except for the nonexempt law enforcement officers who are paid when hours exceed 480. 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. In the event of termination, an employee is not paid for any unused sick leave.

A liability for accrued compensated absences is recorded in the government-wide financial statements.

M. Restricted/Unrestricted Net Assets

It is the County's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

O. Reclassifications

Certain reclassifications to prior year balances have been made to conform to current year presentation. Such reclassifications have had no effect on the excess of revenues over expenditures.

P. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE 2 – DEPOSITS (CASH) AND INVESTMENTS

A. Authorization for Deposits and Investments

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the County.

In accordance with applicable statutes, the County has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the County incurs for banking services received. The County may place funds with the depository in interest and non-interest bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. County policy requires the collateralization level to be at least 100% 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 Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). The investments of the County are in compliance with this policy. State statutes authorize the County to invest in fully collateralized or insured time deposits, direct debt obligations of the United States, and certain repurchase agreements. Investments in security repurchase agreements are authorized when the investment has a defined termination date, is secured by obligations described in the Public Funds Investment Act, is pledged to the County, 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 or national banks domiciled in the State of Texas. The County did not invest in repurchase agreements for the year ended September 30, 2008.

B. Deposit and Investment Amounts

The County's cash and investments are classified as: cash and cash equivalents, and investments. Cash and cash equivalents include cash on hand, deposits with financial institutions, and short-term investments in a privately-managed public funds investment pool account. The investments, which have maturities at purchase of greater than three months, consist mainly of U.S. agency securities.

At September 30, 2008, 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 investments at year-end, excluding Agency Fund:

		Total Fair Value
Cash deposits	$	35,513,968
Certificate of deposit		380,000
Temporary investments		
MBIA		115,146,315
Texas Term		9,065,809
Farmers Mac Discount Note		45,508,449
Freddie Mac Discount Note		10,374,593
Federal National Mortgage Association Discount Note		2,985,300
Total Cash and investments	$	218,974,434

Interest Rate Risk
At year-end, the County had the following investments subject to interest rate risk disclosure, under U.S. generally accepted accounting principles:

		Fair Value	Weighted Average Maturity (days)	Percentage of Total Portfolio
Certificate of deposit	$	380,000	140	0.2%
Temporary Investments				
Investment Pool:				
MBIA		115,146,315	31	62.8%
Texas Term		9,065,809	41	4.9%
Governmental securities:				
Farmers Mac Discount Note		45,508,449	188	24.8%
Freddie Mac Discount Note		10,374,593	353	5.7%
Federal National Mortgage Association Discount Note		2,985,300	176	1.6%
Total Fair Value	$	183,460,466		
Portfolio weighted average maturity			91	

It's the County's policy to select any individual investment with a maximum stated 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.

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's the County's policy to select investments in order to provide stability of income and reasonable liquidity.

The County's investment in Farmers Mac (FAMC), Freddie Mac (FHLMC) and Federal National Mortgage Association (FNMA) discount notes were rated Aaa by Moody's Investors Service and AAA by Standard and Poor's. The County's investment in the state investment pool via MBIA and Texas Term were rated Aaa by Moody Investments and AAA by Standard and Poor's.

NOTE 3 – RECEIVABLES

Receivables, including applicable allowances for uncollectible accounts, as of September 30, 2008, are as follows:

	General	Debt Service	Mobility Projects	Other Governmental Funds	Total
Receivables					
Taxes	$ 6,663,643	$ 639,270	$	$ 1,271,052	$ 8,573,965
Grants	8,452,923			1,325,747	9,778,670
Fees & fines	4,319,143				4,319,143
Other	1,156,842	14,953	230	335,955	1,507,980
Gross receivables	20,592,551	654,223	230	2,932,754	24,179,758
Less: allowance for uncollectibles	(666,365)	(63,927)		(127,105)	(857,397)
Total	$ 19,926,186	$ 590,296	$ 230	$ 2,805,649	$ 23,322,361

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of September 30, 2008, the various components of deferred revenue reported in the governmental funds are as follows:

	Unavailable	Unearned
Delinquent property taxes (general fund)	$ 5,997,278	$
Delinquent property taxes (road and bridge fund)	754,457	
Delinquent property taxes (drainage district fund)	389,489	
Delinquent property taxes (debt service fund)	575,343	
Fees and fines	4,319,143	
Grant funds received prior to meeting all eligibility requirements		3,845,318
Total deferred revenue for governmental funds	$ 12,035,710	$ 3,845,318

NOTE 4 – PROPERTY TAXES

The County's tax year covers the period October 1 through September 30. The County's property taxes are levied annually in October on the basis of the Fort Bend Central Appraisal District's (CAD) assessed values as of January 1 of that calendar year. Such taxes become delinquent on February 1 of the subsequent calendar year. The CAD establishes appraised values at 100% of market value less exemptions. The County's property taxes are billed and collected by the County's Tax Assessor/Collector.

A. 2007 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 2008 fiscal year (2007 tax year), the County levied property taxes of $0.51674 per $100 of assessed valuation. The 2007 rates resulted in total tax levies of approximately $173 million based on a total adjusted valuation of approximately $33.5 billion. The total tax rate in the 2007 tax year was prorated as follows:

	2007 Rate	2007 Limit
Fort Bend County, Texas		
General, certain special revenue, and debt service	$ 0.47454	$ 0.80000
Special road & bridge funds	0.02420	0.15000
Fort Bend County Drainage District	0.01800	0.25000
Total Tax Rate	$ 0.51674	$ 1.20000

The tax rate for the Fort Bend Parkway Road District for the 2007 tax year was $0.054425 per $100 of assessed valuation.

B. Fort Bend Central Appraisal District

The Fort Bend Central Appraisal District (CAD), a separate governmental entity, is responsible for the recording and appraisal of property for all taxing units in the County.

The CAD is required by state law to assess property at 100% of its appraised value. Further, real property must be appraised at least every four years. Under certain circumstances, the taxpayers and taxing units, including the County, may challenge orders of the CAD's Appraisal Review Board through various appeals and, if necessary, legal action may be taken.

The Commissioners Court will continue to set the tax rates on the property. State law also provides that, if approved by the qualified voters in the County, collection functions may be assigned to the CAD.

NOTE 5 – INTERFUND ACTIVITY

During the year, cash advances are occasionally made between funds for various projects and situations, which create receivables and payables between these funds. All of these interfund balances are expected to be paid within one year. At September 30, 2008, the interfund receivables and payables were as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 13,043,316	$ 28,681
Debt Service	21,505	
Major Capital Project - Mobility		1,883,052
2007 Facilities Bond		5,730,156
Non-major Governmental Funds	121,790	1,817,462
	13,186,611	9,459,351
Fiduciary Funds	794,104	4,765,317
Internal Service Funds	312,795	68,842
Total Governmental Activity	$ 14,293,510	$ 14,293,510

Interfund transfers

Transfers totaling approximately $9.5 million were made during the year primarily for the purpose of moving unrestricted general 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.

NOTE 6 - CAPITAL ASSETS

A summary of changes in the primary government's capital assets for the year ended September 30, 2008 follows:

	Primary Government			
	Balance 10/01/07	**Increases**	**Decreases**	**Balance 09/30/08**
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 257,953,832	$ 12,642,449		$ 270,596,281
CIP	94,641,784	79,664,301	(41,005,316)	133,300,769
Total cap. assets not depreciated	352,595,616	92,306,750	(41,005,316)	403,897,050
Other capital assets:				
Vehicles	18,665,681	2,731,268	(1,691,851)	19,705,098
Office furniture and equipment	12,639,588	3,861,537	(588,846)	15,912,279
Road Equipment	18,798,587	2,234,167	(464,328)	20,568,426
Buildings, facilities and improvements	108,619,717	1,641,540	(601,784)	109,659,473
Infrastructure	291,702,284	55,492,259		347,194,543
Total other capital assets	450,425,857	65,960,771	(3,346,809)	513,039,819
Less accumulated depreciation for:				
Vehicles	(12,073,684)	(2,070,532)	1,379,748	(12,764,468)
Office furniture and equipment	(8,673,722)	(1,682,661)	433,079	(9,923,304)
Road Equipment	(9,968,490)	(1,246,483)	459,844	(10,755,129)
Buildings, facilities and improvements	(45,646,741)	(2,168,331)	290,890	(47,524,182)
Infrastructure	(81,823,824)	(7,767,615)		(89,591,439)
Total accumulated depreciation	(158,186,461)	(14,935,622)	2,563,561	(170,558,522)
Other capital assets, net	292,239,396	51,025,149	(783,248)	342,481,297
Total Net Assets	$ 644,835,012	$ 143,331,899	$ (41,788,564)	$ 746,378,347

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

FY2008 Depreciation Expense	
General Administration	$ 3,613,906
Financial Administration	40,055
Administration of Justice	449,051
Construction & Maintenance	9,405,562
Health & Welfare	61,316
Cooperative Services	40,151
Public Safety	465,348
Parks & Recreation	860,233
Total FY2008 Depreciation Expense	$ 14,935,622

Construction in progress and remaining commitments under related construction contracts for general government construction projects at September 30, 2008, follows:

2008 CONSTRUCTION COSTS

Project	Budget at 09/30/2008	Adjusted Balance at 9/30/2007	Increases (Retainage included)	Decreases	Encumbrances 9/30/2008	Balance 9/30/2008
Arcola Projects	$ 200,000	$ 39,606	$ 167,142			$ 206,748
CSCD Expansion	179,981		178,540		10,505	178,540
Jail Study	250,000	160,490				160,490
Court Complex Study	396,955	288,095	13,000		3,453	301,095
IT Enhancements	502,983	419,332	14,889		1,143	434,221
SH 36 Park & Ride	593,628	28,105	89,766			117,871
Fresh Water Supply District #1	3,001,734	2,777,964	111,851			2,889,815
F&HC Software Project	4,806,865	3,379,602	1,314,136	(4,693,738)	268,927	
JST Software Project	5,090,330	1,057,680	1,824,489		327,631	2,882,170
HHS Coordinator Center	6,000	2,195			40,745	2,195
UH Library	50,000	25,855				25,855
Pct. 4 Elevator	98,100	115,310	39,823	(155,133)		
Jane Long Renovations	435,500	329,705	8,435			338,140
Hillcroft Reconstruction Project	495,106	431,748				431,748
Parks Upgrades	959,475	900,486	98,253		4,659	998,738
Fairgrounds Renovation Project (2002)	1,008,718	1,004,924		(1,004,924)		
Fairgrounds Renovation Project (2008)	200,000		175,375			175,375
Pct. 3 Relocations	1,491,433	1,405,076	55,787		9,839	1,460,862
Sienna Library Project	1,632,760	475,870	5,810		8,310	481,680
434th District Court Buildout	293,557	109,737	22,047		6,857	131,781
Travis Elevator Renovations	314,983	179,611	126,909	(306,520)		
Vehicle Maintenance Expansion	805,200		377,111		119,329	377,111
5th Street Expansion	390,822	39,900	349,472		10,822	389,371
Fairgrounds Pavillions	250,000		132,156		117,844	132,156
Fort Bend Justice Center	5,500,000		2,686,298		2,563,127	2,686,298
Model Airplane Park	60,000				9,231	
Kitty Park Playground	60,000		37,899		187	37,899
LID #6	3,225,000		2,900,000			2,900,000
Parks Security Lighting	150,000		64,705		21,586	64,705
40 Acre Expansion		24,710				24,710
Mobility Projects	63,280,803	59,730,821	15,770,704	(32,863,271)	8,665,719	42,638,254
Library Building All Branches	82,589	37,258				37,258
FB Parkway Project	91,339	3,705				3,705
Tax Office	3,000,000	42,750	1,178,389		1,357,317	1,221,139
GML Library Renovations	4,000,000		520,941		25,031	520,941
Sugar Land Library (Bond)	10,000,000		182,943		615,576	182,943
S. Post Oak	650,000	6,515	380,237		51,487	386,752
Pct. 1 Facility	3,000,000	53,490	2,229,440		94,650	2,282,930
Pct. 3 Service Center	3,000,000		19,126		49,731	19,126
Fire Marshal/EMS	3,000,000	32,063	63,281		14,040	95,344
Needville Service Center (Bond)	3,500,000		1,617,544			1,617,544
Gus George Academy	4,500,000	24,990	1,693,333		5,270,045	1,718,323
Dew House	250,000	31,050	180,385			211,435
Sienna Library Project (Bond)	10,000,000		397,046		9,155,755	397,046
Facilities Bonds	1,518,180		35,037		4,651	35,037
Jail Expansion	80,000,000	3,359,530	43,366,209		24,671,891	46,725,739
Pct. 2 Service Center	2,100,000	455,826	173,148		252,151	628,974
Bridge Construction	407,106	2,246				2,246
Traffic Signal Project	2,083,970	1,981,729		(1,981,729)		
Traffic Signal Project	1,300,000		222,115		104,837	222,115
Fairgrounds Blvd.	387,000		117,758		1,100	117,758
Needville Service Center	306,518	106,518			690,082	106,518
Rosenberg JJAEP Remodel	75,000	63,343				63,343
BIG CREEK-FBFCWSC	10,603,250	10,603,250	606,503			11,209,753
BIG CREEK	1,784,884	1,784,884	68,052			1,852,936
UPPER OYSTER CREEK	3,125,816	3,125,816	48,219			3,174,036
Total	$ 244,495,585	$ 94,641,781	$ 79,664,301	$ (41,005,315)	$ 54,548,257	$ 133,300,765

A summary of changes in the discretely presented component unit (Fort Bend Toll Road Authority) capital assets for the year ended September 30, 2008 follows

	Discretely Presented Component Units			
	Balance 10/01/07	Increases	Decreases	Balance 09/30/08
Governmental Activities:				
Other capital assets				
Toll Roads	$ 162,677,731	$ 4,100,141	$	$ 166,777,872
Total cap. Assets	162,677,731	4,100,141		166,777,872
Less accumulated depreciation for:				
Toll Roads	5,454,363	4,190,221		9,644,584
Total Net Assets	$ 157,223,368	$ (90,080)	$	$ 157,133,288

Depreciation expense for the Fort Bend Toll Road Authority totaled $4.2 million.

NOTE 7 - LONG-TERM DEBT

A. General Obligation Bonds and Certificates of Obligation

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Long-term bonded debt at September 30, 2008 is as follows:

Primary Government

Original Issue	Description	Interest Rate %	Matures	Debt Outstanding
General Obligation Bonds				
$ 25,285,000	Permanent Improvement Refunding Bonds, Series 2003	1.50 - 5.00	2011	$ 11,605,000
5,000,000	Library Permanent Improvement Bonds, Series 1997	4.50 - 6.50	2016	2,865,000
29,000,000	Fort Bend General Obligation Bonds, Series 2001	4.00 - 5.00	2021	26,650,000
30,245,000	Fort Bend General Obligation Bonds, Series 2006	4.00 - 5.00	2026	28,315,000
11,650,000	Fort Bend Flood Control Water Supply Refunding Bonds, Series 2001	2.85 - 5.38	2021	10,550,000
26,000,000	Unlimited Tax Road Bonds, Series 2007	4.00 - 4.25	2027	25,140,000
126,675,000	Facilities Limited Tax Bonds, Series 2007	4.00 - 5.00	2031	126,675,000
	Total Direct General Obligation Bonds			231,800,000
1,520,000	Fort Bend Parkway Road District Unlimited Tax Bonds, Series 1990	8.20 - 8.63	2010	330,000
	Total General Obligation Bonds			$ 232,130,000

A summary of long-term liability transactions of the County for the year ended September 30, 2008, follows:

	October 1, 2007 Balance	Additions	Retirements	September 30, 2008 Balance	Amounts Due Within One Year
General Obligation Bonds	$ 240,350,000	$	$ 8,220,000	$ 232,130,000	$ 8,595,000
Premiums on bonds	6,213,943		299,089	5,914,854	
Totals	246,563,943		8,519,089	238,044,854	8,595,000
Claims and Judgements	3,948,174	21,293,794	19,155,193	6,086,775	5,782,436
Accrued Compensated Absences	5,657,127	200,668	1,004,816	4,852,979	1,213,245
Other Post-Employment Benefit (OPEB) Obligation		24,151,093		24,151,093	
Totals	9,605,301	45,645,555	20,160,009	35,090,847	6,995,681
Total Long Term Liabilities	$ 256,169,244	$ 45,645,555	$ 28,679,098	$ 273,135,701	$ 15,590,681

In prior years, the general fund has generally liquidated other long-term liabilities, including accrued compensated absences.

Annual debt service requirements (excluding accrued compensated absences) to maturity are summarized as follows:

	Principal	Interest	Totals
2009	$ 8,595,000	$ 10,934,837	$ 19,529,837
2010	8,540,000	10,623,016	19,163,016
2011	8,795,000	10,243,668	19,038,668
2012	9,285,000	9,737,111	19,022,111
2013	9,610,000	9,297,462	18,907,462
2014	10,040,000	8,816,004	18,856,004
2015	10,380,000	8,322,016	18,702,016
2016	10,715,000	7,814,876	18,529,876
2017	10,635,000	7,281,732	17,916,732
2018	11,010,000	6,751,285	17,761,285
2019	11,405,000	6,204,035	17,609,035
2020	11,790,000	5,637,835	17,427,835
2021	12,230,000	5,049,766	17,279,766
2022	9,640,000	4,515,101	14,155,101
2023	10,120,000	4,034,049	14,154,049
2024	10,630,000	3,527,806	14,157,806
2025	11,150,000	3,000,069	14,150,069
2026	11,700,000	2,450,447	14,150,447
2027	9,850,000	1,939,738	11,789,738
2028	8,370,000	1,511,688	9,881,688
2029	8,780,000	1,104,375	9,884,375
2030	9,205,000	677,231	9,882,231
2031	9,655,000	229,306	9,884,306
Totals	$ 232,130,000	$ 129,703,453	$ 361,833,453

Discretely presented component unit long-term bonded debt as of September 30, 2008, is listed below:

Discretely Presented Component Units				
Original Issue	**Description**	**Interest Rate %**	**Matures**	**Debt Outstanding**
General Obligation Bonds				
$ 63,695,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2003	4.00 - 5.00	2032	$ 63,695,000
72,195,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2004	3.63 - 5.00	2032	72,195,000
	Total General Obligation Bonds			$ 135,890,000

A summary of long-term liability transactions of the discretely component units for the year ended September 30, 2008, follows:

	October 1, 2007 Balance	Additions	Retirements	September 30, 2008 Balance	Amounts Due Within One Year
General Obligation Bonds	$ 135,890,000	$		$ 135,890,000	$
Premiums on bonds	3,573,880		142,955	3,430,925	
Totals	$ 139,463,880	$	$ 142,955	$ 139,320,925	$

Annual debt service requirements to maturity are summarized as follows:

	Principal	Interest	Totals
2009	$	$ 6,753,432	$ 6,753,432
2010		6,753,432	6,753,432
2011	1,400,000	6,725,432	8,125,432
2012	1,645,000	6,665,741	8,310,741
2013	1,900,000	6,596,050	8,496,050
2014	2,345,000	6,499,425	8,844,425
2015	2,820,000	6,370,300	9,190,300
2016	3,530,000	6,209,138	9,739,138
2017	4,240,000	6,009,488	10,249,488
2018	5,050,000	5,774,250	10,824,250
2019	5,550,000	5,509,250	11,059,250
2020	6,000,000	5,220,500	11,220,500
2021	6,320,000	4,912,500	11,232,500
2022	6,650,000	4,588,250	11,238,250
2023	6,975,000	4,247,625	11,222,625
2024	7,365,000	3,889,125	11,254,125
2025	7,720,000	3,512,000	11,232,000
2026	8,130,000	3,115,750	11,245,750
2027	8,550,000	2,698,750	11,248,750
2028	8,980,000	2,260,500	11,240,500
2029	9,430,000	1,800,250	11,230,250
2030	9,940,000	1,316,000	11,256,000
2031	10,410,000	807,250	11,217,250
2032	10,940,000	273,500	11,213,500
Totals	$ 135,890,000	$ 108,507,938	$ 244,397,938

B. Conduit Debt

The Fort Bend County Housing Finance Corporation is authorized to finance residential housing by issuing tax-exempt revenue bonds to acquire mortgage loans as security for the payment of the principal and interest of such revenue bonds. The tax-exempt bonds issued by the Corporation do not constitute a debt or pledge of faith of the Corporation, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. During 1998, the corporation's first Single Family Mortgage Revenue Bonds (GNMA and FNMA Mortgage-Backed Securities Program) Series 1998 were issued in the amount of $18,750,000. Since then, an additional $79,568,000 of bonds have been issued. As of September 30, 2008, $42,741,883 of total bonds are outstanding.

NOTE 8 – EMPLOYEE RETIREMENT SYSTEM

A. Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 493 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with eight or more years of service, 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 10.13% for calendar year 2008. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

The County's total payroll in fiscal year 2008 was $91.6 million and the County's contributions were based on a payroll of $89.5 million. Contributions made by employees totaled $6.3 million, and the County made contributions of $9.1 million during the fiscal year ended September 30, 2008.

Three year trend information for the Pension Plan is presented below:

	2008		2007		2006	
Annual Pension Cost (APC)	$	9,110,858	$	8,097,682	$	7,322,925
Percentage of APC Contributed		100%		100%		100%
NPO at the End of Period						

For the year ended September 30, 2008, the pension cost for the TCDRS plan and the actual contributions made were 9,110,858. Because all contributions are made as required, no pension obligation existed at September 30, 2008.

Actuarial Information	12/31/2007
Actuarial cost method	Entry age
Amortization method	level percentage of payroll, closed of payroll
Amortization period	15 years
Asset valuation method	10-year smoothed value ESF; Fund value
Assumptions:	
Investment return	8.0%
Projected salary increases	5.3%
Inflation	3.5%
Costs-of-living adjustments	0.0%

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 and Security Benefit Life 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

In addition to providing pension benefits through the Texas County and District Retirement System, the County has opted to provide eligible retired employees with the following post-employment benefits:

- Eligible retirees may purchase health insurance from the County's healthcare provider at the County's cost to cover current employees
- Eligible retirees may purchase health insurance for the County's healthcare provider at the County's cost to cover current employees for dependents if the dependents were covered at the point of retirement

The County is statutorily required to permit retiree participation in the health insurance program on a pooled non-differentiated basis. The County recognizes its share of the costs of providing these benefits when paid, on a "pay-as-you-go" basis. These payments are budgeted annually. The County contributed approximately $2.9 million for the fiscal year ending September 30, 2008. At September 30, 2008, there were approximately 333 participants eligible to receive such benefits. Commencing in fiscal 2008, the County has 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 2008 are as follows:

The following table shows the calculation of the Annual Required Contribution and the Net OPEB Obligation.

	Fiscal Year Ending 9/30/2008
Determination of Annual Required Contribution	
Normal Cost at Fiscal Year End	$ 15,005,349
Amortization of Unfunded Actuarial Accrued Liability	11,979,958
Annual Required Contribution	$ 26,985,307
Determination of Net OPEB Obligation	
Annual Required Contribution	$ 26,985,307
Less Assumed Contributions Made	2,834,214
Estimate Increase in Net OPEB Obligation	$ 24,151,093
Net OPEB Obligation – Beginning of Year	$ 0
Net OPEB Obligation – End of Year	$ 24,151,093

The following table shows the annual OPEB cost and net OPEB obligation for the prior 3 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
9/30/2006	N/A	N/A	N/A	N/A
9/30/2007	N/A	N/A	N/A	N/A
9/30/2008	4.0%	$ 26,985,307	10.50%*	$ 24,151,093

NOTE 11 – CONTINGENCIES AND COMMITMENTS

A. Construction Contract Commitments

The County had several capital improvement commitments at September 30, 2008. 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, 2008.

NOTE 12 - 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 (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends, and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses regardless of whether allocated to specific claims. Nonincremental claims adjustment expenses have not been included as part of the liability for claims and judgments. However, estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past two years are as follows:

	Year ended 9/30/2008	Year ended 9/30/2007
Unpaid claims, beginning of year	$ 3,948,174	$ 4,620,146
Incurred claims (including IBNRs)	21,293,794	15,705,862
Claim payments	(19,155,193)	(16,377,834)
Unpaid claims, end of year	$ 6,086,775	$ 3,948,174

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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November 3, 2009

WE HAVE ACTED AS BOND COUNSEL for Fort Bend County, Texas (the "County"), which we also represent on other matters, in connection with an issue of bonds (the "Bonds") described as follows:

FORT BEND COUNTY, TEXAS UNLIMITED TAX ROAD REFUNDING BONDS, SERIES 2009, dated October 15, 2009, in initial denominations equal to the entire principal amount of each scheduled maturity of the Bonds, aggregating $20,780,000.

The Bonds mature, bear interest and may be transferred and exchanged as set out in the Bonds and in the Order adopted by the Commissioners Court of the County authorizing their issuance (the "Order").

WE HAVE ACTED AS BOND COUNSEL for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the 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 upon certificates executed by officers, agents and representatives of the County. We have assumed no responsibility with respect to the financial condition of the County or the reporting or disclosure thereof in connection with the sale of the Bonds. Our role in connection with the County's Official Statement prepared for use in connection with the sale of the Bonds (the "Official Statement") 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 certified materials pertaining to the Bonds and the bonds being refunded, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the County and of Wells Fargo Bank, N.A., a national banking association (the "Escrow Agent"); the report of Grant Thornton L.L.P., certified public accountants (the "Report"), verifying the sufficiency of the deposits made with the Escrow Agent for defeasance of the bonds being refunded and the mathematical accuracy of certain computations of the yield on the Bonds and obligations acquired with the proceeds of the Bonds; customary certificates of officers, agents, and representatives of the Escrow Agent, the County, and other public officials; and other certified showings relating to the authorization and issuance of the Bonds and the firm banking and financial arrangements for the discharge and final payment of the bonds being refunded. We also have examined executed Bond No. IB-1 of this issue.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that:

(1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and that therefore the Bonds are valid and legally binding obligations of the County, and taxable property in the County is subject to the levy of ad valorem taxes to pay the same.

(2) The transcript of certified proceedings evidences that firm banking and financial arrangements have been made for the discharge and final payment of the bonds being refunded pursuant to an escrow agreement entered into between the County and the Escrow Agent on or effective as of the date of delivery of the Bonds, and that therefore such bonds are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in such escrow agreement.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION that:

(1) Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law.

(2) Interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the County, the County's Financial Advisor and the Underwriter (as defined in the Order) with respect to matters solely within the knowledge of the County, the County's Financial Advisor and the Underwriter, respectively, which we have not independently verified, and have assumed continuing compliance with the covenants in the Order pertaining to those sections of the Code which affect the exclusion from gross income of interest on the 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 covenants of the Order, interest on the Bonds could become includable in gross income from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

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

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

Our opinions 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 our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the County as the taxpayer. We observe that the County has covenanted in the Order not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

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Financial Advisory Services
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First Southwest Company

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ATTORNEY GENERAL OF TEXAS
GREG ABBOTT

EFK

October 29, 2009

THIS IS TO CERTIFY that Fort Bend County, Texas (the "Issuer"), has submitted to me Fort Bend County, Texas Unlimited Tax Road Refunding Bond, Series 2009 (the "Bond"), in the principal amount of $20,780,000, for approval. The Bond is dated October 15, 2009, numbered IB-1, and was authorized by an Order of the Issuer passed on October 6, 2009.

I have examined the law and such certified proceedings and other papers as I deem necessary to render this opinion.

As to questions of fact material to my opinion, I have relied upon representations of the Issuer contained in the certified proceedings and other certifications of public officials furnished to me without undertaking to verify the same by independent investigation.

I express no opinion relating to the official statement or any other offering material relating to the Bond.

Based on my examination, I am of the opinion, as of the date hereof and under existing law, as follows:

(1) The Bond has been issued in accordance with law and is a valid and binding obligation of the Issuer.

(2) In accordance with the provisions of the law, including an Escrow Agreement dated as of October 6, 2009, firm banking arrangements have been made for the discharge and final payment or redemption of the obligations being refunded upon deposit of an amount sufficient to pay said obligations when due.

(3) The Bond is payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, against all taxable property in the Issuer.

Therefore, the Bond is approved.

The Comptroller is instructed that she may register the Bond without the cancellation of the underlying securities being refunded thereby.

Greg Abbott
Attorney General of the State of Texas

No. 49769
Book No. 2009-D
MAR

OFFICE OF COMPTROLLER

OF THE STATE OF TEXAS

I, Melissa Mora, ☐ Bond Clerk ☒ Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Comptroller on the 29th day of October 2009, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

Fort Bend County, Texas Unlimited Tax Road Refunding Bond, Series 2009,

numbered IB-1, dated October 15, 2009, and that in signing the certificate of registration I used the following signature:

Susan Combs

IN WITNESS WHEREOF I have executed this certificate this the 29th day of October 2009.

Melissa Mora

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, certify that the person who has signed the above certificate was duly designated and appointed by me under authority vested in me by Chapter 403, Subchapter H, Government Code, with authority to sign my name to all certificates of registration, and/or cancellation of bonds required by law to be registered and/or cancelled by me, and was acting as such on the date first mentioned in this certificate, and that the bonds/certificates described in this certificate have been duly registered in the office of the Comptroller, under Registration Number 76184.

GIVEN under my hand and seal of office at Austin, Texas, this the 29th day of October 2009.

Susan Combs

Susan Combs
Comptroller of Public Accounts
of the State of Texas

OFFICE OF COMPTROLLER

OF THE STATE OF TEXAS

I, SUSAN COMBS, Comptroller of Public Accounts of the State of Texas, do hereby certify that the attachment is a true and correct copy of the opinion of the Attorney General approving the:

Fort Bend County, Texas Unlimited Tax Road Refunding Bond, Series 2009

numbered IB-1, of the denomination of $ 20,780,000, dated October 15, 2009, as authorized by issuer, interest various percent, under and by authority of which said bonds/certificates were registered electronically in the office of the Comptroller, on the 29th day of October 2009, under Registration Number 76184.

Given under my hand and seal of office, at Austin, Texas, the 29th day of October 2009.

Susan Combs

SUSAN COMBS
Comptroller of Public Accounts
of the State of Texas

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RECEIPT AND NO-LITIGATION CERTIFICATE

THE STATE OF TEXAS	§	
	§	
COUNTY OF FORT BEND	§	

We, the undersigned officers of Fort Bend County, Texas (the "County"), do hereby certify, as of the date set forth below, the following:

1. On November 3, 2009, we delivered, or caused to be delivered, to the purchaser thereof the following bonds (the "Bonds"):

FORT BEND COUNTY, TEXAS, UNLIMITED TAX ROAD REFUNDING BONDS, SERIES 2009, dated October 15, 2009, in the principal amount of $20,780,000

2. At the time of such delivery, the County received from the Underwriter full payment for the Bonds in keeping with the ordinance authorizing the issuance and awarding the sale thereof.

3. At the time of delivery of the Bonds, (a) no litigation of any nature has been filed or is now pending which contests or attacks the validity of the Bonds, which would restrain or enjoin the issuance or delivery of the Bonds; which would restrain or enjoin the collection or pledge of funds from which the Bonds are payable or would in any other manner affect the provision made for their payment or security; or which in any manner questions the proceedings or authority concerning the issuance of the Bonds; and so far as we know and believe no such litigation is threatened; (b) neither the corporate existence nor the boundaries of the City are being contested; no litigation has been filed or is now pending which would affect the authority of the officers of the City to issue, execute and deliver the Bonds or would affect the title of the undersigned to their respective offices; and no authority or proceedings for the issuance, execution or delivery of the Bonds have been repealed, rescinded or revoked; and (c) no additional bonds, warrants or other indebtedness payable from the same source as the Bonds have been issued since the date of the General Certificate submitted to the Attorney General of Texas in connection with the approval of the Bonds.

SIGNED as of, and delivered on, the date of delivery of the Bonds set forth above.

County Judge, Fort Bend County, Texas

County Clerk, Fort Bend County, Texas

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FEDERAL TAX CERTIFICATE

I, the undersigned officer of Fort Bend County, Texas (the "County"), make this certification for the benefit of all persons interested in the exclusion from gross income for federal income tax purposes of the interest to be paid on the County's Unlimited Tax Road Refunding Bonds, Series 2009 (the "Bonds"), which are being issued in the aggregate principal amount of $20,780,000 and delivered simultaneously with the delivery of this certificate. I do hereby certify as follows in good faith on the date of issue of the Bonds:

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

2. Code and Regulations. The Bonds are subject to the provisions of sections 141, 148, 149 and 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations (the "Regulations") heretofore promulgated under sections 141, 148, 149 and 150 of the Code. These provisions of the Code and Regulations impose restrictions on the use of bond-financed facilities and on the investment of bond proceeds. This certificate is being executed and delivered pursuant to sections 1.141-1 through 1.141-15, 1.148-0 through 1.148-11, 1.149(b)-1, 1.149(d)-1, 1.149(g)-1, 1.150-1 and 1.150-2 of the Regulations.

3. Definitions. The capitalized terms used in this certificate (unless otherwise defined) that are defined in the order authorizing the issuance of the Bonds dated October 6, 2009 (the "Order") shall for all purposes hereof have the meanings therein specified. All such terms defined in the Code or Regulations shall for all purposes hereof have the same meanings as given to those terms in the Code and Regulations unless the context clearly requires otherwise.

4. Reasonable Expectations. The facts and estimates that are set forth in this certificate are accurate. The expectations that are set forth in this certificate are reasonable in light of such facts and estimates. There are no other facts or estimates that would materially change such expectations. In connection with this certificate, the undersigned has to the extent necessary reviewed the certifications set forth herein with other representatives of the County as to such accuracy and reasonableness. The undersigned has also relied, to the extent appropriate, on representations set forth in the certificate of Morgan Keegan & Company, Inc., the representative of the group of underwriters that have purchased the Bonds (the "Underwriters"), attached hereto as Exhibit A, the certificate of First Southwest Company, the County's financial advisor, and the report (the "Report") of Grant Thornton LLP, certified public accountants, dated November 3, 2009 and attached as an exhibit to the escrow agreement dated

October 6, 2009 between the County and Wells Fargo Bank, N.A. (the "Escrow Agreement"). The undersigned is aware of no fact, estimate or circumstance that would create any doubt regarding the accuracy or reasonableness of each or any portion of such documents.

5. Description of Governmental Purpose. The County is issuing the Bonds pursuant to the Order (a) to provide funds that will be used to advance refund and defease a portion of the County's Unlimited Tax Road Bonds, Series 2001 (the "Prior Bonds"), pursuant to the Escrow Agreement and (b) to pay the costs of issuance of the Bonds. The Report details all relevant aspects of the application of the proceeds of the Bonds and the County's program to refund the Prior Bonds. Specifically, all of the Prior Bonds maturing on March 1, 2011 through March 1, 2021, inclusive, in the amount of $22,550,000 (collectively, the "Refunded Bonds") will be called for redemption and retired with proceeds of the Bonds. The Refunded Bonds are being defeased in order to achieve a present-value savings in the debt service payable by the County. March 1, 2010 is the first date on which the Refunded Bonds are subject to optional redemption and on such date all of the Refunded Bonds will be called for redemption in advance of their scheduled maturities and retired with proceeds of the Bonds. The County has no present intent to issue any additional bonds. The Bonds are the first advance refunding of the Prior Bonds, which were original bonds.

6. The Prior Bonds. No portion of the purchase price of any of the Prior Bonds was provided by the issuance of any other issue of obligations. All of the original and investment proceeds allocable to the Prior Bonds have been expended. No portion of the proceeds of the Prior Bonds was used to pay the principal of, or interest on, any other issue of governmental obligations. In addition, other than to the extent of preliminary expenditures (i.e., architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction), no portion of the proceeds of the Prior Bonds was used to reimburse the County for any expenditures made by the County prior to the issuance date of the Prior Bonds.

The County has maintained a debt service fund for the Prior Bonds (the "Debt Service Fund") and has on hand in such Debt Service Fund certain amounts that were to be used for the payment of debt service on the Prior Bonds. The Debt Service Fund will be continued for the payment of debt service on the Prior Bonds that are not Refunded Bonds (the "Unrefunded Bonds"), and the County has created a Debt Service Fund under the Order for purposes of the payment of debt service on the Bonds as described in paragraph 16 below.

7. Use of Amounts Allocable to Prior Bonds. Other than amounts described in paragraph 6 above, there are no amounts on hand that represent proceeds of the

Prior Bonds, replacement proceeds of the Prior Bonds or accumulated earnings on such proceeds. The amount of $389,594.44 (the "Prior Debt Service Fund Amount") will be deposited into the Escrow Fund and used to pay a portion of the debt service on the Refunded Bonds on the March 1, 2010.

8. Expenditure of Proceeds of the Bonds. The sale proceeds from the issuance of the Bonds will be $22,950,147.05. Such amount represents the stated redemption price at maturity (excluding accrued interest for those Bonds the interest on which is paid at least once annually) of the Bonds, equal to $20,780,000.00, plus original issue premium in the amount of $2,170,147.05. No portion of the purchase price of any of the Bonds is provided by the issuance of any other issue of obligations. The sale proceeds will be expended as follows:

(a) The amount of $22,712,863.56 will be deposited in the escrow fund established pursuant to the Escrow Agreement (the "Escrow Fund") and used on the date hereof to purchase United States Treasury Certificates of Indebtedness and Notes, State and Local Government Series (the "Escrowed Securities"), the proceeds of which will be used as described in the Report to pay the principal of, and interest and redemption premium, if any, on, the Refunded Bonds. No portion of the proceeds of the Bonds is expected to be used to pay any interest on, or principal of, any issue of governmental obligations other than the Bonds and the Refunded Bonds.

(b) The amount of $118,380.76 will be allocated on the date of issuance of the Bonds to the Underwriters' discount or compensation.

(c) The amount of $115,440.00 will be disbursed to pay other costs of issuance on the Bonds (including any rating agency fees charged to the County by the Bond insurer).

(d) The amount of $3,461.33 represents a rounding amount and will be deposited in the Debt Service Fund and used to pay debt service on the Bonds on the first interest payment date.

(e) The amount of $1.40 will be deposited as the initial cash balance in the Escrow Fund and disbursed on March 1, 2010, to pay debt service on the Refunded Bonds. Pending disbursement, such amount will not be invested.

9. Pre-issuance Accrued Interest. The County will also receive from the Underwriters on the issuance date of the Bonds the amount of $44,200.00, representing accrued interest on the Bonds from October 15, 2009, through the date of delivery. Such amount will be deposited in the Debt Service Fund, and will be disbursed on March 1, 2010, to pay interest on the Bonds.

10. Investment Proceeds. The amounts described in paragraphs 8(b) and 8(e) will not be invested. Except for earnings on the amounts described in paragraphs 8(c)

and 8(d), and the amount of $.02 set forth in the Report as the amount expected to be remaining in the Escrow Fund following the final debt service payment with respect to the Refunded Bonds on March 1, 2010, all amounts received by the County, such as interest and dividends, resulting from the investment of any original proceeds or investment proceeds of the Bonds will be deposited in the Escrow Fund for the Refunded Bonds and used to pay the principal of, and interest and redemption premium, if any, on, the Refunded Bonds. Earnings on the amounts described in paragraphs 8(c) and 8(d) will be used for one of the purposes described in such paragraphs.

11. Transferred Proceeds. There are no transferred proceeds with respect to the Bonds because all of the proceeds of Refunded Bonds have been or will be expended prior to the first dates on which amounts are disbursed from the Escrow Fund to pay principal of the Refunded Bonds.

12. No Replacement Proceeds. Other than amounts described herein, there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purposes of the Bonds, including the expected use of amounts to pay debt service on the Refunded Bonds, that the amounts would have been used for such purpose if the proceeds of the Bonds were not used or to be used for such purpose.

(a) No Sinking Funds. Other than to the extent described herein, there is no debt service fund, redemption fund, reserve fund, replacement fund, or similar fund reasonably expected to be used directly or indirectly to pay principal or interest on the Bonds.

(b) No Pledged Funds. Other than amounts described herein, there is no amount that is directly or indirectly, other than solely by reason of the mere availability or preliminary earmarking, pledged to pay principal or interest on the Bonds, or to a guarantor of part or all of the Bonds, such that such pledge provides reasonable assurance that such amount will be available to pay principal or interest on the Bonds if the County encounters financial difficulty. For purposes of this certification, an amount is treated as so pledged if it is held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders or the guarantor of the Bonds.

(c) No Other Replacement Proceeds. There are no other replacement proceeds allocable to the Bonds because the County reasonably expects that the term of the Bonds will not be longer than is reasonably necessary for the governmental purposes of the Bonds. Furthermore, if the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Bonds, the County does not reasonably expect to have available amounts during the portion of such period that is longer than is reasonably necessary. The Bonds would be issued to achieve a debt service savings independent of any arbitrage benefit as evidenced by the expectation that the Bonds reasonably would have been issued if the interest on the Bonds were included in gross income (assuming that the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate).

(d) Weighted Average Maturity. The weighted average maturity of the Bonds does not exceed the remaining weighted average maturity of the Refunded Bonds and the weighted average maturity of the Refunded Bonds is not greater than 120 percent of the weighted average estimated economic life of the portion of the project financed by the Refunded Bonds, determined in accordance with section 147(b) of the Code. Such weighted average estimated economic life is determined in accordance with the following assumptions: (a) The weighted average was determined by taking into account the respective costs of each of the assets financed by the Refunded Bonds; (b) the reasonably expected economic life of an asset was determined as of the later of the date hereof or the date on which such asset is expected to be placed in service (i.e., available for use for the intended purposes of such asset); (c) the economic lives used in making this determination are not greater than the useful lives used for depreciation under section 167 of the Code prior to the enactment of the current system of depreciation in effect under section 168 of the Code (i.e., the "mid-point lives") under the asset depreciation range ("ADR") system of section 167(m) of the Code, as set forth in Revenue Procedure 83-35, 1983-1 C.B. 745, where applicable, and the "guideline lives" under Revenue Procedure 62-21, 1962-2 C.B. 418, in the case of structures; and (d) land or any interest therein has not been taken into account in determining the average reasonably expected economic life of such Project, unless 25 percent or more of the net proceeds of any issue is to be used to finance land.

13. No Excess Gross Proceeds. Except for the amounts described in paragraph 8(d) above, earnings on the amounts described in paragraphs 8(c) and 8(d) above, and the amount of $.02 described in paragraph 10 above, all gross proceeds of the Bonds are allocable to:

(a) the payment of principal, interest or call premium on the Refunded Bonds as described in paragraph 8(a) above;

(b) the payment of pre-issuance accrued interest on the Bonds as described in paragraph 9 above;

(c) the payment of costs of issuance of the Bonds as described in paragraph 8(b) and 8(c) above;

(d) a reasonably required reserve or replacement fund as described in paragraph 7 above and paragraph 16 below;

(e) the payment of administrative costs allocable to repaying the Refunded Bonds, carrying and repaying the Bonds or investments of the Bonds;

(f) transferred proceeds allocable to expenditures for the governmental purpose of the Prior Bonds as described in paragraph 7 above; and

(g) replacement proceeds in a sinking fund for the Bonds.

Investment earnings on the amounts described in paragraphs 8(c) and 8(d) are expected to be de minimis; therefore, the sum of the investment earnings on the amounts described in paragraphs 8(c) and 8(d), the amount described in paragraph 8(d) and the amount described in paragraph 10 will be less than one percent of the original proceeds of the Bonds.

14. Yield on the Bonds. For the purposes of this certificate, the yield on the Bonds is the discount rate that, when used in computing the present value as of the issue date of the Bonds, of all unconditionally payable payments of principal, interest and fees for qualified guarantees on the Bonds, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Bonds as of the issue date. For purposes of determining the yield on the Bonds, the issue price of the Bonds is the sum of the issue prices for each group of substantially identical Bonds. For each group of substantially identical Bonds, the issue price is the first price at which a substantial amount (i.e., ten percent) is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters and wholesalers). Based upon the representations of the Underwriters set forth in Exhibit A hereto, the issue price (including accrued interest to the date of issue only) of the Bonds aggregated $22,994,347.05.

The yield with respect to that portion of the Bonds subject to optional redemption is computed by treating such Bonds as retired at the stated redemption price at the final maturity date because (a) the County has no present intention to redeem prior to maturity the Bonds which are subject to optional redemption; (b) no Bond is subject to optional redemption at any time for a price less than the retirement price at final maturity plus accrued interest; (c) no Bond is subject to optional redemption within five years of the issue date of the Bonds; (d) no Bond subject to optional redemption is issued at an issue price that exceeds the stated redemption price at maturity of such Bond by more than one-fourth of one percent multiplied by the product of the stated redemption price at maturity of such Bond and the number of complete years to the first optional redemption date for such Bond; and (e) no Bond subject to optional redemption bears interest at a rate that increases during the term of the Bond. No Bond is subject to mandatory early redemption.

As set forth in the Report, the yield with respect to that portion of the Bonds subject to optional redemption that are issued at an issue price that exceeds the stated redemption price at maturity by more than one-fourth of one percent multiplied by the product of the stated redemption price at maturity and the number of complete years to the first optional redemption date for the bond is computed by treating such Bonds as redeemed at its stated redemption price on the optional redemption date that would produce the lowest yield on the Bonds.

The yield on the Bonds calculated in this manner, as shown in the Report, is 2.457610 percent.

15. Temporary Periods and Yield Restriction.

(a) Pre-issuance Accrued Interest. The amount described in paragraph 9 represents accrued interest on the Bonds for a period not in excess of one year and will be expended within one year; therefore, such amount may be invested at an unrestricted yield.

(b) Uninvested Amounts. The amounts described in paragraphs 8(b) and 8(e) will not be invested and, therefore, are not subject to yield restriction.

(c) Issuance Costs. It is expected that the amount described in paragraph 8(c) will be disbursed within 13 months of the date hereof for costs of issuing the Bonds; therefore, such amount will be invested for an allowable temporary period. To the extent any portion of the amount described in paragraph 8(c) is not expended as described herein, the County will take steps to restrict the investment of such amounts to a yield which is not materially higher than the yield on the Bonds.

(d) Rounding Amount. The amount described in paragraph 8(d) will be invested at a yield that is not higher than the yield on the Bonds.

(e) Prior Debt Service Fund Amount. The amount described in paragraph that is used to purchase United States Treasury Obligations, State and Local Government Series will be disbursed within 13 months of the date such amount was received by the County. Therefore, such amount will be invested for an allowable temporary period.

(f) Yield on the Escrowed Securities. The yield on the Escrowed Securities is computed using the same compounding interval and financial conventions used to compute the yield on the Bonds. The yield on the Escrowed Securities is the discount rate that, when used in computing the present value as of the date the Escrowed Securities were first allocated to the Bonds of all unconditionally payable receipts to be actually or constructively received from the Escrowed Securities, produces an amount equal to the amounts to be actually or constructively paid for the Escrowed Securities. The Escrowed Securities are all yield-restricted nonpurpose investments that are a single class of investments and that are treated as a single investment because all of the Escrowed Securities were purchased with Bond proceeds and held in a refunding escrow as described in paragraph 8(a) above. The County has allocated gross proceeds of the Bonds in the amount described in section 1.148-6(c) of the Regulations. Such purchase price is equal to the price paid by the County to the United States for the

Escrowed Securities. As shown in the Report, the yield on the Escrowed Securities determined in this manner is 0.108503 percent, a yield that is not higher than the yield on the Bonds.

16. Debt Service Fund. Pursuant to the Order, the County has created the debt service fund designated the "Fort Bend County, Texas Unlimited Tax Road Refunding Bonds, Series 2009 Interest and Sinking Fund" (i.e., the Debt Service Fund) and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds are to be deposited in such Debt Service Fund. The County expects that taxes levied, assessed and collected for and on account of the Bonds will be sufficient each year to pay such debt service. All amounts which will be depleted at least once each bond year, except for a reasonable carryover amount not in excess of the greater of the earnings on such portion of the Debt Service Fund for the immediately preceding bond year or one-twelfth of the principal and interest payments on the Bonds for the immediately preceding bond year, will constitute a bona fide debt service fund component of the Debt Service Fund (the "Bona Fide Portion"). Such Bona Fide Portion of the Debt Service Fund will be used primarily to achieve a proper matching of revenues and principal and interest payments on the Bonds within each bond year. Amounts held in the Bona Fide Portion of the Debt Service Fund will be invested at an unrestricted yield because such amounts will be expended within 13 months of the date such amounts are received. The remaining portion of the Debt Service Fund (the "Reserve Portion"), if any, will be treated separately for purposes of this certificate. Amounts on deposit from time to time in the Bona Fide Portion and the Reserve Portion are allocable between the Bonds and any other obligations of the County secured by the Debt Service Fund on the basis of one of the methods set forth in section 1.148-6(e)(6) of the Regulations. The portion of the Reserve Portion allocable to the Bonds will not exceed at any time the least of (a) ten percent of the stated principal amount of the Bonds (or sale proceeds in the event that the amount of original issue discount exceeds two percent multiplied by the stated redemption price at maturity of the Bonds), (b) the maximum annual principal and interest requirements of the Bonds, and (c) 125 percent of average annual principal and interest requirements of the Bonds. Therefore, all amounts therein may be invested at an unrestricted yield. Any amounts held in the Bona Fide Portion for longer than 13 months or held in the Reserve Portion in excess of the least of the amounts described above, will be invested in obligations the yield on which is not in excess of the yield on the Bonds.

17. Waiver of Minor Portion. Pursuant to section 1.148-9(g) of the Regulations, the County hereby elects to waive the minor portion available under section 1.148-9(f) of the Regulations.

18. Issue. There are no other obligations that (a) are sold at substantially the same time as the Bonds (i.e., within 15 days), (b) are sold pursuant to the same plan of financing with the Bonds, and (c) will be paid out of substantially the same source of funds as the Bonds.

19. Compliance With Rebate Requirements. The County has covenanted in the Order that it will take all necessary steps to comply with the requirement that "rebatable arbitrage earnings" on the investment of the "gross proceeds" of the Bonds, within the meaning of section 148(f) of the Code be rebated to the federal government. Specifically, the County will (a) maintain records regarding the investment of the "gross proceeds" of the Bonds as may be required to calculate such "rebatable arbitrage earnings" separately from records of amounts on deposit in the funds and accounts of the County which are allocable to other bond issues of the County or moneys which do not represent "gross proceeds" of any bonds of the County, (b) calculate at such intervals as may be required by applicable Regulations, the amount of "rebatable arbitrage earnings," if any, earned from the investment of the "gross proceeds" of the Bonds and (c) pay, not less often than every fifth anniversary date of the delivery of the Bonds and within 60 days following the final maturity of the Bonds, or on such other dates required or permitted by applicable Regulations, all amounts required to be rebated to the federal government. Further, the 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 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.

20. Not an Abusive Transaction.

(a) General. No action taken in connection with the issuance of the Bonds is or will have the effect of (a) enabling the County to exploit, other than during an allowable temporary period, the difference between tax-exempt and taxable interest rates to obtain a material financial advantage (including as a result of an investment of any portion of the gross proceeds of the Bonds over any period of time, notwithstanding that, in the aggregate, the gross proceeds of the Bonds are not invested in higher yielding investments over the term of the Bonds), and (b) overburdening the tax-exempt bond market by issuing more bonds, issuing bonds earlier, or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Bonds, based on all the facts and circumstances. Specifically, (i) the primary purpose of each transaction undertaken in connection with the issuance of the Bonds is a bona fide governmental purpose; (ii) each action taken in connection with the issuance of the Bonds would reasonably be taken to accomplish the governmental purposes of the Bonds if the interest on the Bonds were not excludable from gross income for federal income tax purposes (assuming the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate on the Bonds); (iii) the proceeds of the Bonds will not exceed by more than a minor portion the amount necessary to accomplish the governmental purposes of the Bonds and will in fact not be substantially in excess of the amount of proceeds allocated to expenditures for the governmental purposes of the Bonds.

(b) No Re-refunding. No portion of the Refunded Bonds has been refunded or defeased other than by reason of the issuance of the Bonds.

(c) No Sinking Fund. No portion of the Bonds has a term that has been lengthened primarily for the purpose of creating a sinking fund or similar fund with respect to the Bonds and thereby eliminating significant amounts of negative arbitrage in the Escrow Fund.

(d) No Noncallable Bonds. The Refunded Bonds do not include any noncallable Prior Bonds that have been refunded in order to invest proceeds in the Escrow Fund allocable to the noncallable Refunded Bonds at a yield that is higher than the yield on the Bonds and thereby eliminate significant amounts of negative arbitrage in the Escrow Fund.

(e) No Window Refunding. No portion of the Bonds has been structured with maturity dates the primary purpose of which is to make available released revenues that will enable the County to avoid transferred proceeds or to make available revenues that may be invested to be ultimately used to pay debt service on another issue of obligations.

(f) No Sale of Conduit Loan. No portion of the gross proceeds of the Prior Bonds or the Bonds has been or will be used to acquire, finance, or refinance any conduit loan.

21. No Arbitrage. On the basis of the foregoing facts, estimates and circumstances, it is expected that the gross proceeds of the Bonds will not be used in a manner that would cause any of the Bonds to be an "arbitrage bond" within the meaning of section 148 of the Code and the Regulations. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change such expectations.

22. No Private Use, Payments or Loan Financing.

(a) General. The County reasonably expects, as of the date hereof, that no action or event during the entire stated term of the Bonds will cause either the "private business tests" or the "private loan financing test," as such terms are defined in the Regulations, to be met. Specifically,

(i) Not more than 10 percent of the proceeds of the Bonds will be used and no portion of the proceeds of the Prior Bonds has been used in a trade or business of a nongovernmental person. For purposes of determining use, the County will apply rules set forth in applicable Regulations and Revenue Procedures promulgated by the

Internal Revenue Service, including, among others, the following rules: (A) Any activity carried on by a person other than a natural person or a state or local governmental unit will be treated as a trade or business of a nongovernmental person; (B) the use of all or any portion of the project financed by the Prior Bonds (the "Project") is treated as the direct use of proceeds; (C) a nongovernmental person will be treated as a private business user of proceeds of the Bonds or the Prior Bonds as a result of ownership, actual or beneficial use of the proceeds pursuant to a lease, or a management or incentive payment contract, or certain other arrangements such as a take-or-pay or other output-type contract; and (D) the private business use test is met if a nongovernmental person has special legal entitlements to use directly or indirectly the Project.

(ii) The County has not taken and will not take any deliberate action that would cause or permit the use of any portion of the Project to change such that such portion will be deemed to be used in the trade or business of a nongovernmental person for so long as any of the Bonds remains outstanding (or until an opinion of nationally recognized bond counsel is received to the effect that such change in use will not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Bonds). For this purpose any action within the control of the County is treated as a deliberate action. A deliberate action occurs on the date the County enters into a binding contract with a nongovernmental person for use of the Project that is not subject to any material contingencies.

(iii) All payments of the debt service on the Bonds will be paid from and secured by a generally applicable tax. For this purpose, a generally applicable tax is a tax (A) which is an enforced contribution exacted pursuant to legislative County in the exercise of the taxing power that is imposed and collected for the purpose of raising revenue to be used for governmental purposes and (B) which has a uniform tax rate that is applied to all persons of the same classification in the appropriate jurisdiction using a generally applicable manner of determination and collection. No portion of the payment of the debt service on the Bonds will be directly or indirectly derived from payments (whether or not to the County or any related party) in respect of property, or borrowed money, used or to be used for a private business use. Furthermore, no portion of the payment of the debt service on the Bonds will be directly or indirectly secured by any interest in property used or to be used for a private business use or payments in respect of property used or to be used for a private business use.

(iv) No portion of the proceeds of the Bonds will be directly or indirectly used to make or finance a loan to any person other than a state or local governmental unit.

(b) Dispositions of Personal Property in the Ordinary Course. The County does not reasonably expect that it will sell or otherwise dispose of personal property components of the Project financed with the Bonds other than in the ordinary course of an established governmental program that satisfies the following requirements:

(i) The weighted average maturity of the portion of the Bonds financing personal property is not greater than 120 percent of the reasonably expected actual use of such personal property for governmental purposes;

(ii) The reasonably expected fair market value of such personal property on the date of disposition will be not greater than 25 percent of its cost;

(iii) Such personal property will no longer be suitable for its governmental purposes on the date of disposition; and

(iv) The County is required to deposit amounts received from such disposition in a commingled fund with substantial tax or other governmental revenues and the County reasonably expects to spend such amounts on governmental programs within 6 months from the date of commingling.

(c) Other Agreements. The County will not enter into any agreement with any nongovernmental person regarding the use of all or any portion of the Project during the stated term of the Bonds unless such agreement will not adversely affect the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes.

23. Weighted Average Maturity. The Weighted Average Maturity of the Bonds set forth on Exhibit B attached to this Certificate is the sum of the products of the Issue Price of each group of identical Bonds and the number of years to maturity (determined separately for each group of identical Bonds and taking into account mandatory redemptions), divided by the aggregate Sale Proceeds of the Bonds.

24. Bonds are not Hedge Bonds. The County represents that not more than 50 percent of the proceeds of each issue of which the Refunded Bonds are a part was invested in nonpurpose investments (as defined in section 148(f)(6)(A) of the Code) having a substantially guaranteed yield for four years or more within the meaning of section 149(g)(3)(A)(ii) of the Code, and the County reasonably expected at the time each issue of which the Refunded Bonds are a part was issued that at least 85 percent of the spendable proceeds of each such issue would be used to carry out the governmental purposes of such issues within the corresponding three-year period beginning on the respective dates of issue of such Refunded Bonds.

EXECUTION PAGE FOLLOWS

FORT BEND COUNTY, TEXAS

By: ______________________________

Name: Robert Hebert

Title: County Judge

Date: November 3, 2009

EXHIBIT A

CERTIFICATE OF UNDERWRITERS

Morgan Keegan & Company, Inc. has acted as representative (the "Representative") of the group of underwriters (the "Underwriters") in connection with the sale and delivery of Fort Bend County, Texas (the "County") of Unlimited Tax Road Refunding Bonds, Series 2009 in the aggregate principal amount of $20,780,000 (the "Bonds"). I, the undersigned, hereby certify as follows on behalf of the Underwriters:

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

2. The Underwriters have purchased the Bonds from the County pursuant to a Bond Purchase Agreement dated October 6, 2009, for an aggregate purchase price of $22,875,966.29, which price includes accrued interest in the amount of $44,200.00. The Underwriters have made a bona fide public offering to the public of all of the Bonds of each maturity at the issue prices to the public set out in the Report. The issue prices set forth in the Report were determined on the date the Bonds were purchased by the Underwriters based on the reasonable expectations regarding the initial public offering prices. The issue price for each maturity of the Bonds, as set forth in the Report, represents the first price (including original issue premium and discount and accrued interest to the issue date only) of the Bonds at which a substantial amount (at least 10 percent) of each such maturity was sold to the public. The aggregate of such issue prices of all of the Bonds is $22,994,347.05. The initial public offering prices described above do not exceed the fair market value for the Bonds on the sale date. The term "public," as used herein, does not include bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers.

The Underwriters hereby authorize the County to rely on the statements made herein in connection with making the representations set forth in the Federal Tax Certificate to which this certificate is attached and in its efforts to comply with the conditions imposed by the Code on the exclusion of interest on the Bonds from the gross income of their owners. The Underwriters hereby authorize Allen Boone Humphries Robinson LLP to rely on this certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes.

Capitalized terms used herein and not otherwise defined have the meaning ascribed to such terms in the Federal Tax Certificate to which this certificate is attached.

MORGAN KEEGAN & COMPANY, INC.

By: ______________________

Name: Deborah S. Jones

Title: Managing Director

Date: November 3, 2009

EXHIBIT B

CERTIFICATE OF FINANCIAL ADVISOR

First Southwest Company has acted as financial advisor to Fort Bend County, Texas (the "County"), in connection with the sale and delivery of the Unlimited Tax Road Refunding Bonds, Series 2009, in the aggregate amount of $20,780,000 (the "Bonds"). I, the undersigned, hereby certify as follows:

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

2. The Financial Advisor computed the Weighted Average Maturity of the Bonds to be 6.367 years, as set forth in paragraph 23 of the Federal Tax Certificate.

3. I have worked closely with representatives of the County in structuring the financial terms of the Bonds and the refunding of the Refunded Bonds. The Financial Advisor has also performed certain computations that are the subject of the Report. I hereby confirm that the assumptions that are described in the Report as provided by the Financial Advisor are true, accurate and complete. I further hereby represent that to the best of my knowledge the statements set forth in paragraph 20 of the Federal Tax Certificate to which this certificate is attached, are true.

The Financial Advisor hereby authorizes the County to rely on the statements made herein in connection with making the representations set forth in the Federal Tax Certificate to which this certificate is attached and in its efforts to comply with the conditions imposed by the Code on the exclusion of interest on the Bonds from the gross income of their owners. The Financial Advisor hereby authorizes Allen Boone Humphries Robinson LLP to rely on this certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes. Capitalized terms used herein and not otherwise defined have the meaning ascribed to such terms in the Federal Tax Certificate to which this certificate is attached.

FIRST SOUTHWEST COMPANY

By: ______________________________

Name: Joseph W. Morrow

Title: Senior Vice President

Date: November 3, 2009

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Form **8038-G** (Rev. November 2000) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate Instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ▶ ☐

1 Issuer's name: **Fort Bend County, Texas**		2 Issuer's employer identification number: **74 : 6001969**
3 Number and street (or P.O. box if mail is not delivered to street address): **301 Jackson Street**	Room/suite: **719**	4 Report number: **3 03**
5 City, town, or post office, state, and ZIP code: **Richmond, Texas 77469**		6 Date of issue: **November 3, 2009**
7 Name of issue: **Unlimited Tax Road Refunding Bonds, Series 2009**		8 CUSIP number: **346766NZ7**
9 Name and title of officer or legal representative whom the IRS may call for more information: **Robert Hebert, County Judge**		10 Telephone number of officer or legal representative: **(281) 341-3760**

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☑ Transportation	13	22,950,147
14	☐ Public safety	14	
15	☐ Environment (including sewage bonds)	15	
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	3/1/2021	$ 22,950,147	$ 20,780,000	6.367 years	2.4456 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	44,200
23	Issue price of entire issue (enter amount from line 21, column (b))			23	22,950,147
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	233,821		
25	Proceeds used for credit enhancement	25	0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0		
27	Proceeds used to currently refund prior issues	27	0		
28	Proceeds used to advance refund prior issues	28	22,712,865		
29	Total (add lines 24 through 28)			29	22,946,686
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	3,461

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	N/A years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	6.328 years
33	Enter the last date on which the refunded bonds will be called ▶	3/1/2010
34	Enter the date(s) the refunded bonds were issued ▶	5/2/2001

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	0
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	0
b	Enter the final maturity date of the guaranteed investment contract ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	0

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ ______ and the date of the issue ▶ ______

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Robert Hebert — Signature of issuer's authorized representative

11/3/09 — Date

Robert Hebert, County Judge — Type or print name and title

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CLOSING CERTIFICATE

THE STATE OF TEXAS	§
	§
COUNTY OF FORT BEND	§

I, the undersigned, County Judge of the County of Fort Bend, Texas (the "Issuer"), acting in our official capacity as such, hereby certify with respect to the County's $20,780,000 Unlimited Tax Road Refunding Bonds, Series 2009 (the "Bonds"), as follows:

(1) (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing, November 3, 2009, as if made on the date of Closing;

(ii) no litigation or proceeding against the Issuer is pending or, to the best of such person's knowledge, threatened in any court or administrative body, nor is there a basis for litigation, which would (a) contest the right of the commissioners, officers or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting taxes and revenues (including payments on the Issuer's bonds and other obligations) and other income or the levy or collection of the taxes pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof;

(iii) all official actions of the Issuer relating to the Official Statement, the Bonds and the Issuer Documents have been duly taken by the Issuer, are in full force and effect and have not been modified, amended, supplemented or repealed;

(iv) to the best of such person's knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement so that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information therein, in light of the circumstances under which made, not misleading as of the time of Closing, and the information contained in the Official Statement is correct in all respects and, as of the date thereof, the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(v) there has been no material adverse change in the financial condition of the Issuer since September 30, 2008, the latest date as of which audited financial information is available; and

(vi) the Issuer is not prohibited by its independent auditors from including the audited financial statements or excerpts of such statements in the Official Statement or incorporating such statements by reference into the Official Statement.

[EXECUTION PAGE FOLLOWS]

EXECUTED this 3rd day of November, 2009, the date of payment for and delivery of the Bonds.

FORT BEND COUNTY, TEXAS

County Judge

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REGISTRAR'S RECEIPT

The undersigned duly authorized representative of Wells Fargo Bank, N.A., the paying agent/registrar for the following described bonds:

> **FORT BEND COUNTY, TEXAS UNLIMITED TAX ROAD REFUNDING BONDS, SERIES 2009, dated October 15, 2009, in the principal amount of $20,780,000,**

Certifies that said bonds have been delivered to the Underwriter, and that the purchase price has been received on behalf of Fort Bend County, Texas.

EXECUTED AND DELIVERED THIS 3rd day of November, 2009.

WELLS FARGO BANK, N.A.

By: _________________________
Name: JOSE A GAYTAN JR.
Title: VICE PRESIDENT

259558

ALLEN BOONE HUMPHRIES ROBINSON LLP
ATTORNEYS AT LAW
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abhr.com

November 3, 2009

WE HAVE ACTED AS BOND COUNSEL for Fort Bend County, Texas (the "County"), which we also represent on other matters, in connection with an issue of bonds (the "Bonds") described as follows:

> FORT BEND COUNTY, TEXAS UNLIMITED TAX ROAD REFUNDING BONDS, SERIES 2009, dated October 15, 2009, in initial denominations equal to the entire principal amount of each scheduled maturity of the Bonds, aggregating $20,780,000.
>
> The Bonds mature, bear interest and may be transferred and exchanged as set out in the Bonds and in the Order adopted by the Commissioners Court of the County authorizing their issuance (the "Order").

WE HAVE ACTED AS BOND COUNSEL for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the 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 upon certificates executed by officers, agents and representatives of the County. We have assumed no responsibility with respect to the financial condition of the County or the reporting or disclosure thereof in connection with the sale of the Bonds. Our role in connection with the County's Official Statement prepared for use in connection with the sale of the Bonds (the "Official Statement") 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 certified materials pertaining to the Bonds and the bonds being refunded, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the County and of Wells Fargo Bank, N.A., a national banking association (the "Escrow Agent"); the report of Grant Thornton L.L.P., certified public accountants (the "Report"), verifying the sufficiency of the deposits made with the Escrow Agent for defeasance of the bonds being refunded and the mathematical accuracy of certain computations of the yield on the Bonds and obligations acquired with the proceeds of the Bonds; customary certificates of officers, agents, and representatives of the Escrow Agent, the County, and other public officials; and other certified showings relating to the authorization and issuance of the Bonds and the firm banking and financial arrangements for the discharge and final payment of the bonds being refunded. We also have examined executed Bond No. IB-1 of this issue.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that:

(1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and that therefore the Bonds are valid and legally binding obligations of the County, and taxable property in the County is subject to the levy of ad valorem taxes to pay the same, without legal limitation as to rate or amount.

(2) The transcript of certified proceedings evidences that firm banking and financial arrangements have been made for the discharge and final payment of the bonds being refunded pursuant to an escrow agreement entered into between the County and the Escrow Agent on or effective as of the date of delivery of the Bonds, and that therefore such bonds are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in such escrow agreement.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION that:

(1) Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law.

(2) Interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the County, the County's Financial Advisor and the Underwriter (as defined in the Order) with respect to matters solely within the knowledge of the County, the County's Financial Advisor and the Underwriter, respectively, which we have not independently verified, and have assumed continuing compliance with the covenants in the Order pertaining to those sections of the Code which affect the exclusion from gross income of interest on the 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 covenants of the Order, interest on the Bonds could become includable in gross income from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

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

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

Our opinions 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 our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the County as the taxpayer. We observe that the County has covenanted in the Order not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Allen Boone Humphries Robinson LLP

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November 3, 2009

MORGAN KEEGAN & COMPANY, INC.
(as Representative of the Underwriters
Named in the Bond Purchase Agreement
referred to herein (the "Underwriters"))
4400 Post Oak Parkway, Suite 2670
Houston, Texas 77027

Re: $20,780,000 Fort Bend County, Texas Unlimited Tax Road Refunding Bonds, Series 2009 (the "*Bonds*")

Ladies and Gentlemen:

This opinion is being rendered pursuant to the Bond Purchase Agreement, dated October 6, 2009 (the "Bond Purchase Agreement"), between Morgan Keegan & Company, Inc., as Representative of the Underwriters named in the Bond Purchase Agreement (the "Underwriters"), and Fort Bend County, Texas (the "County") relating to the issuance, sale, and delivery by the County to the Underwriters of the referenced bonds (collectively, the "Bonds"). Except as otherwise defined herein, the terms defined in the Bond Purchase Agreement are used in this opinion with the meanings assigned to them in the Bond Purchase Agreement.

We have acted as Bond Counsel to the County in connection with the issuance, sale, and delivery of the Bonds to the Underwriters. In our capacity as Bond Counsel, we have examined a transcript of certain materials and proceedings pertaining to the Bonds, including certain certified and original proceedings of the Commissioners Court of the County, and customary certificates, opinions, affidavits, and other documents executed by officers, agents, and representatives of the County and others. In our capacity as Bond Counsel, we have also attended meetings of the County and have participated in conferences from time to time with representatives of the County, the Financial Advisor to the County, the Underwriters, and Counsel to the Underwriters relative to the Preliminary Official Statement and the Official Statement.

In our examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies, and the authenticity of the originals of such latter documents.

Based upon the foregoing, we are of the opinion that, under applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

(i) the Bond Order has been duly adopted and is in full force and effect;

(ii) 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 under the Trust Indenture Act; and

(iii) the statements and information describing the Bonds and the Bond Order in the Official Statement under the captions "PLAN OF FINANCING" (except for the subsection "Use of Proceeds"), "THE BONDS" (except for information under the subsections captioned "Book-Entry-Only System," and "Sources and Uses of Bond Proceeds"), "TAX MATTERS," "OTHER INFORMATION – Registration and Qualification of Bonds for Sale," "OTHER INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas," "OTHER INFORMATION – Legal Matters" and "CONTINUING DISCLOSURE OF INFORMATION" (except for information under the subsection captioned "Compliance With Prior Undertakings") fairly and accurately describe the provisions thereof and are correct as to matters of law;

Except as stated above in paragraph 3, we have not assumed responsibility with respect to the Official Statement or undertaken to verify the accuracy, completeness, or fairness of the statements contained therein.

In our capacity as Bond Counsel we have delivered on this date the approving opinion in substantially the form set forth in Appendix C of the Official Statement. The Underwriters may rely on such approving opinion as if they were addressed to them.

In rendering this opinion, we have not represented any of the Underwriters nor rendered any advice to the Underwriters in connection with the Bond Purchase Agreement or the transactions contemplated thereby, other than that set forth herein; and we call to your attention the fact that our legal opinions and conclusions are an expression of professional judgment and not a guarantee of result. This opinion may not be relied upon by any other person or by you in any other context, without our prior written consent. This opinion is not to be used, circulated, quoted, or otherwise referred to for any other purpose.

Yours very truly,

Allen Boone Humphries Robinson LLP

ANDREWS
ATTORNEYS KURTH LLP

600 Travis, Suite 4200
Houston, Texas 77002
713.220.4200 Phone
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andrewskurth.com

November 3, 2009

Morgan Keegan & Company, Inc.
Siebert Brandford Shank & Co., LLC
c/o Morgan Keegan & Company, Inc.
4400 Post Oak Parkway
Suite 2670
Houston, TX 77027

Re: $20,780,000 Fort Bend County, Texas Unlimited Tax Road Refunding Bonds, Series 2009

Ladies and Gentlemen:

We have served as counsel to you, as the Underwriters, in your purchase of the captioned bonds (the "Bonds") issued by Fort Bend County, Texas (the "County"). In that connection, we have reviewed (1) the order adopted by the Commissioners Court of the County on October 6, 2009 (the "Order"), authorizing the issuance of the Bonds and containing other matters, (2) the Preliminary Official Statement for the Bonds, dated September 28, 2009, and (3) the Official Statement for the Bonds, dated October 6, 2009.

Based on (1) our review of the documents described above, (2) our discussions with bond counsel and with you, (3) our review of the documents, certificates, opinions and other instruments delivered at the closing of the sale of the Bonds on the date hereof and (4) such other matters as we deem relevant, we are of the opinion that the Bonds are exempt 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 and the Order is not required to be qualified under the Trust Indenture Act.

In addition, based upon our participation in the preparation of the Official Statement and our participation at conferences at which the Official Statement was discussed, which does not include our independent inquiry or investigation into the accuracy, completeness or fairness of the statements contained therein, nothing has come to our attention to lead us to believe that the Official Statement (except for any financial, forecast, technical and statistical statements and data included in the Official Statement, and the information regarding The Depository Trust Company and its book-entry-only system in each case as to which we are not called upon to comment), as of its date or as of the date hereof, contained or contains any untrue statement of a material fact, or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

This opinion may be relied upon only by you.

Very truly yours,

Andrews Kurth LLP

7867/7866

Austin Beijing Dallas Houston London Los Angeles New York The Woodlands Washington, DC

Cash Flow and Yield Verification Report

Fort Bend County, Texas

November 3, 2009

Contents

GrantThornton

Audit • Tax • Advisory

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Report of Independent Certified Public Accountants On Applying Agreed-Upon Procedures

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309 South Fourth Street, Suite 533
Richmond, Texas

Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas

Wells Fargo Bank, N.A.
1021 Main Street, Suite 2403
Houston, Texas

Texas Attorney General's Office
300 West 15th Street, Seventh Floor
Austin, Texas

First Southwest Company
1021 Main Street, Suite 2200
Houston, Texas

Morgan Keegan & Company, Inc.
4400 Post Oak Parkway, Suite 2670
Houston, Texas

$20,780,000
Fort Bend County, Texas
Unlimited Tax Road Refunding Bonds, Series 2009
Dated October 15, 2009

We have performed the procedures described in this report, which were agreed to by Fort Bend County, Texas (the "County") and First Southwest Company (the "Financial Advisor"), to verify the mathematical accuracy of certain computations contained in the schedules attached in Appendix I provided by the Financial Advisor. The Financial Advisor is responsible for these schedules. These procedures were performed solely to assist you in the issuance of the above-captioned bond issue (the "Bonds") for the purpose of advance refunding a portion of the County's outstanding Unlimited Tax Road Bonds, Series 2001 (the "Refunded Bonds") as summarized on the next page. This engagement was performed in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the addressees of this report who are the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described in this report either for the purpose for which this report has been requested or for any other purpose.

Series	Principal Issued	Dated	Principal Refunded	Maturities Refunded	Redemption Date	Redemption Price
2001	$29,000,000	April 1, 2001	$22,550,000	3-1-11 to 3-1-21	3-1-10	100%

VERIFICATION OF ESCROW ACCOUNT CASH FLOW SUFFICIENCY

The Financial Advisor provided us with schedules (Appendix I) summarizing the future escrow account cash receipt and disbursement. These schedules indicate that there will be sufficient cash available in the escrow account to pay the principal and interest on the Refunded Bonds assuming the Refunded Bonds will be redeemed on March 1, 2010 at 100 percent of par plus accrued interest.

The attached Exhibit A (Schedule of Sources and Uses of Funds) was compiled based upon information provided by the Financial Advisor.

As part of our engagement to recalculate the schedules attached as Appendix I we prepared schedules attached hereto as Exhibits B through B-3 independently calculating the future escrow account cash receipt and disbursement and compared the information used in our calculations to the information listed below contained in applicable pages of the following documents:

- Subscription confirmation, dated October 5, 2009, and Schedule of U.S. Treasury Securities provided by the Financial Advisor used to acquire certain United States Treasury Securities - State and Local Government Series (the "SLGS") insofar as the SLGS are described as to the principal amount, interest rate, maturity date and issuance date; and

- Order for the Refunded Bonds provided by the Financial Advisor insofar as the Refunded Bonds are described as to the maturity and interest payment dates, principal amounts, interest rates and optional redemption date and price.

In addition, we compared the interest rate for the maturity of the SLGS, as shown on the Schedule of U.S. Treasury Securities, with the maximum allowable interest rate shown on the Department of Treasury, Bureau of Public Debt, SLGS Table (Form PD 4262) for use on October 5, 2009 and found that the interest rate was equal to the maximum allowable interest rate for that maturity.

Our procedures, as summarized in Exhibits B through B-3, prove the mathematical accuracy of the schedules provided by the Financial Advisor summarizing the future escrow account cash receipt and disbursement. The schedules provided by the Financial Advisor and those prepared by us reflect that the anticipated receipt from the SLGS, together with an initial cash deposit of $1.40 to be deposited into the escrow account on November 3, 2009, will be sufficient to pay, when due, the principal and interest related to the Refunded Bonds assuming the Refunded Bonds will be redeemed on March 1, 2010 at 100 percent of par plus accrued interest.

VERIFICATION OF YIELDS

The Financial Advisor provided us with schedules (Appendix I) which indicate that the yield on the cash receipt from the SLGS purchased with Bond proceeds is less than the yield on the Bonds. These schedules were prepared based on the assumed settlement date of November 3, 2009 using a 360-day year with interest compounded semi-annually. The term "yield", as used herein, means that yield which, when used in computing the present value of all payments of principal and interest to be paid or received on an obligation produces an amount equal to, in the case of the cash receipt from the SLGS purchased with Bond proceeds, the purchase price, and in the case of the Bonds, the issue price. In addition, we found that the schedules provided by the Financial Advisor, which assume the redemption of the March 1, 2019 through March 1, 2021 maturities identified on Exhibits C and C-1 at par on March 1, 2018 plus accrued interest, correctly treat those Bonds as yield-to-call Bonds as retired on the respective dates that for each Bond produces the lowest yield for the issue that includes the Bonds. Those Bonds identified as yield-to-call Bonds on the attached Exhibits C and C-1 are those Bonds that are subject to optional redemption and that are issued at an issue price that exceeds the stated redemption price at maturity of such Bonds by more than one-fourth of one percent multiplied by the product of the stated redemption price at maturity of such Bonds and the number of complete years to the first optional redemption date for the Bonds. We found that there are no other yield-to-call Bonds other than those identified on the attached Exhibits C and C-1.

As part of our engagement to recalculate the schedules attached as Appendix I we prepared schedules attached hereto as Exhibits B-1 and C independently calculating the yields on (i) the cash receipt from the SLGS purchased with Bond proceeds calculated on Exhibit B-1, and (ii) the Bonds using the Official Statement provided by the Financial Advisor insofar as the Bonds are described as to the maturity and interest payment dates, dated date, principal amounts, interest rates, optional redemption date and price, and issue price to the public. The results of our calculations, based on the aforementioned assumptions, are summarized below:

	Yield	Exhibit
• Yield on the cash receipt from the SLGS purchased with Bond proceeds	0.108503%	B-1
• Yield on the Bonds	2.457610%	C

Our procedures, as summarized in Exhibits B-1 and C, prove the mathematical accuracy of the schedules provided by the Financial Advisor summarizing the yields. The schedules provided by the Financial Advisor and those prepared by us reflect that the yield on the cash receipt from the SLGS purchased with Bond proceeds is less than the yield on the Bonds.

* * * * * *

We were not engaged to, and did not, perform an examination in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants, the objective of which would be the expression of an examination opinion on the items referred to above. Accordingly we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of those to whom this letter is addressed and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

Minneapolis, Minnesota
November 3, 2009

Exhibit A

Fort Bend County, Texas

SCHEDULE OF SOURCES AND USES OF FUNDS

November 3, 2009

SOURCES:	
Principal amount of the Bonds	$20,780,000.00
Original issue premium	2,170,147.05
Accrued interest	44,200.00
Transfers from prior issue Debt Service Funds	389,594.44
	$23,383,941.49

USES:	
Purchase price of the SLGS:	
- Purchased with Bond proceeds	$22,712,864.00
- Purchased with Debt Service Funds	389,594.00
Beginning cash deposit to the escrow account	1.40
Underwriters' discount	118,380.76
Costs of issuance	115,440.00
Deposit to Debt Service Fund	44,200.00
Contingency	3,461.33
	$23,383,941.49

Fort Bend County, Texas

ESCROW ACCOUNT CASH FLOW

Dates	Cash receipt from SLGS: Purchased with Bond proceeds (Exhibit B-1)	Cash receipt from SLGS: Purchased with Debt Service Funds (Exhibit B-2)	Debt service payment on Refunded Bonds (Exhibit B-3)	Cash balance
Cash deposit on November 3, 2009				$1.40
03-01-10	$22,720,941.07	$389,732.55	$23,110,675.00	0.02
	$22,720,941.07	$389,732.55	$23,110,675.00	

Fort Bend County, Texas

CASH RECEIPT FROM AND YIELD ON THE SLGS PURCHASED WITH BOND PROCEEDS

Receipt date	Principal	Interest rate	Interest	Cash receipt from SLGS purchased with Bond proceeds	Present value on November 3, 2009 using a yield of 0.108503%
03-01-10	$22,712,864	0.110%	$8,077.07	$22,720,941.07	$22,712,864.00
Purchase price of the SLGS purchased with Bond proceeds					$22,712,864.00

The present value of the cash receipt from the SLGS purchased with Bond proceeds on November 3, 2009, using a yield of 0.108503%, is equal to the purchase price of the SLGS purchased with Bond proceeds.

Exhibit B-2

Fort Bend County, Texas

CASH RECEIPT FROM THE SLGS PURCHASED WITH DEBT SERVICE FUNDS

Receipt date	Principal	Interest rate	Interest	Cash receipt from SLGS purchased with Debt Service Funds
03-01-10	$389,594	0.110%	$138.55	$389,732.55

Fort Bend County, Texas

DEBT SERVICE PAYMENT ON THE REFUNDED BONDS AND DEBT SERVICE PAYMENTS TO MATURITY ON THE REFUNDED BONDS

Date	Principal	Interest rate	Interest	Debt service payment
03-01-10	$22,550,000	(1)	$560,675.00	$23,110,675.00

(1) Actual maturity dates, principal amounts and interest rates are as follows:

Date	Principal	Interest rate	Interest	Debt service payments to maturity
03-01-10			$560,675.00	$560,675.00
09-01-10			560,675.00	560,675.00
03-01-11	$2,050,000	5.000%	560,675.00	2,610,675.00
09-01-11			509,425.00	509,425.00
03-01-12	2,050,000	5.000%	509,425.00	2,559,425.00
09-01-12			458,175.00	458,175.00
03-01-13	2,050,000	5.000%	458,175.00	2,508,175.00
09-01-13			406,925.00	406,925.00
03-01-14	2,050,000	5.000%	406,925.00	2,456,925.00
09-01-14			355,675.00	355,675.00
03-01-15	2,050,000	4.800%	355,675.00	2,405,675.00
09-01-15			306,475.00	306,475.00
03-01-16	2,050,000	4.900%	306,475.00	2,356,475.00
09-01-16			256,250.00	256,250.00
03-01-17	2,050,000	5.000%	256,250.00	2,306,250.00
09-01-17			205,000.00	205,000.00
03-01-18	2,050,000	5.000%	205,000.00	2,255,000.00
09-01-18			153,750.00	153,750.00
03-01-19	2,050,000	5.000%	153,750.00	2,203,750.00
09-01-19			102,500.00	102,500.00
03-01-20	2,050,000	5.000%	102,500.00	2,152,500.00
09-01-20			51,250.00	51,250.00
03-01-21	2,050,000	5.000%	51,250.00	2,101,250.00
	$22,550,000		$7,292,875.00	$29,842,875.00

Exhibit C

Fort Bend County, Texas

DEBT SERVICE PAYMENTS AND YIELD ON THE BONDS

	$20,780,000 issue dated October 15, 2009				(1)	Present value on November 3, 2009
Date	Principal	Interest rate	Interest	Total debt service	Adjusted debt service	using a yield of 2.457610%
03-01-10			$333,955.56	$333,955.56	$333,955.56	$331,292.45
09-01-10			442,000.00	442,000.00	442,000.00	433,152.70
03-01-11	$2,020,000	4.000%	442,000.00	2,462,000.00	2,462,000.00	2,383,431.60
09-01-11			401,600.00	401,600.00	401,600.00	384,064.56
03-01-12	1,985,000	3.000%	401,600.00	2,386,600.00	2,386,600.00	2,254,685.97
09-01-12			371,825.00	371,825.00	371,825.00	347,009.13
03-01-13	1,950,000	4.000%	371,825.00	2,321,825.00	2,321,825.00	2,140,561.41
09-01-13			332,825.00	332,825.00	332,825.00	303,116.82
03-01-14	1,925,000	4.000%	332,825.00	2,257,825.00	2,257,825.00	2,031,328.99
09-01-14			294,325.00	294,325.00	294,325.00	261,585.12
03-01-15	1,905,000	4.000%	294,325.00	2,199,325.00	2,199,325.00	1,930,950.69
09-01-15			256,225.00	256,225.00	256,225.00	222,228.20
03-01-16	1,880,000	4.000%	256,225.00	2,136,225.00	2,136,225.00	1,830,292.70
09-01-16			218,625.00	218,625.00	218,625.00	185,041.55
03-01-17	1,850,000	4.000%	218,625.00	2,068,625.00	2,068,625.00	1,729,605.69
09-01-17			181,625.00	181,625.00	181,625.00	150,015.75
03-01-18	1,835,000	5.000%	181,625.00	2,016,625.00	7,446,625.00	6,075,983.73
09-01-18			135,750.00	135,750.00		
03-01-19	1,820,000	5.000%	135,750.00	1,955,750.00		
09-01-19			90,250.00	90,250.00		
03-01-20	1,810,000	5.000%	90,250.00	1,900,250.00		
09-01-20			45,000.00	45,000.00		
03-01-21	1,800,000	5.000%	45,000.00	1,845,000.00		
	$20,780,000		$5,874,055.56	$26,654,055.56	$26,112,055.56	$22,994,347.05

The present value of the future payments is equal to:

Principal amount of the Bonds	$20,780,000.00
Accrued interest	44,200.00
Original issue premium	2,170;147.05
	$22,994,347.05

The sum of the present values of the adjusted debt service payments of the Bonds on November 3, 2009, using a yield of 2.457610%, is equal to the issue price of the Bonds.

(1) Assumes that the March 1, 2019 through March 1, 2021 maturities are called on March 1, 2018 at 100 percent of par plus accrued interest.

Fort Bend County, Texas

ORIGINAL ISSUE PREMIUM ON THE BONDS

Maturity date	Principal	Interest rate	Yield	Initial public offering price	Original issue premium
03-01-11	$2,020,000	4.000%	0.850%	104.149%	$83,809.80
03-01-12	1,985,000	3.000%	1.170%	104.189%	83,151.65
03-01-13	1,950,000	4.000%	1.490%	108.117%	158,281.50
03-01-14	1,925,000	4.000%	1.790%	109.161%	176,349.25
03-01-15	1,905,000	4.000%	2.050%	109.792%	186,537.60
03-01-16	1,880,000	4.000%	2.280%	110.079%	189,485.20
03-01-17	1,850,000	4.000%	2.490%	110.054%	185,999.00
03-01-18	1,835,000	5.000%	2.700%	117.047%	312,812.45
03-01-19	1,820,000	5.000%	2.870%	115.674% (1) (2)	285,266.80
03-01-20	1,810,000	5.000%	3.020%	114.478% (1) (2)	262,051.80
03-01-21	1,800,000	5.000%	3.120%	113.689% (1) (2)	246,402.00
	$20,780,000				$2,170,147.05

(1) Maturities were priced to call on March 1, 2018 at 100 percent of par.

(2) Represents the yield-to-call Bonds included for purposes of computing yield on the Bonds.

APPENDIX I

Applicable schedules provided by First Southwest Company

FINAL AND VERIFIED NUMBERS

$20,780,000

Fort Bend County, Texas

Unlimited Tax Road Refunding Bonds, Series 2009

Sources & Uses

Dated 10/15/2009 | Delivered 11/03/2009

Sources Of Funds

Par Amount of Bonds	$20,780,000.00
Reoffering Premium	2,170,147.05
Accrued Interest from 10/15/2009 to 11/03/2009	44,200.00
Transfers from Prior Issue Debt Service Funds	389,594.44
Total Sources	**$23,383,941.49**

Uses Of Funds

Total Underwriter's Discount (0.570%)	118,380.76
Costs of Issuance	115,440.00
Deposit to Debt Service Fund	44,200.00
Deposit to Net Cash Escrow Fund	23,102,459.40
Rounding Amount	3,461.33
Total Uses	**$23,383,941.49**

$20,780,000

Fort Bend County, Texas

Unlimited Tax Road Refunding Bonds, Series 2009

Escrow Fund Cashflow

Date	Principal	Rate	Interest	+Transfers	Receipts	Disbursements	Cash Balance
11/03/2009	-	-	-	0.44	1.40	-	1.40
03/01/2010	22,712,864.00	0.110%	8,077.06	389,732.54	23,110,673.60	23,110,675.00	-
Total	**$22,712,864.00**	-	**$8,077.06**	**$389,732.98**	**$23,110,675.00**	**$23,110,675.00**	-

Investment Parameters

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Bond Yield
Cost of Investments Purchased with Fund Transfers	389,594.44
Cash Deposit	0.96
Cost of Investments Purchased with Bond Proceeds	22,712,864.00
Total Cost of Investments	$23,102,459.40
Target Cost of Investments at bond yield	$22,539,755.22
Actual positive or (negative) arbitrage	(173,109.74)
Yield to Receipt	0.1085032%
Yield for Arbitrage Purposes	2.4576095%
State and Local Government Series (SLGS) rates for	10/05/2009

FINAL AND VERIFIED NUMBERS

$20,780,000

Fort Bend County, Texas

Unlimited Tax Road Refunding Bonds, Series 2009

Escrow Summary Cost

Maturity	Type	Coupon	Yield	Price	Par Amount	Principal Cost	+Accrued Interest	= Total Cost
Bond Proceeds Account								
03/01/2010	SLGS-CI	0.110%	0.110%	100-.000000	22,712,864	22,712,864.00	-	22,712,864.00
Subtotal		-	-	-	**$22,712,864**	**$22,712,864.00**	-	**$22,712,864.00**
Unrestricted Money Account								
03/01/2010	SLGS-CI	0.110%	0.110%	100-.000000	389,594	389,594.00	-	389,594.00
Subtotal		-	-	-	**$389,594**	**$389,594.00**	-	**$389,594.00**
Total		-	-	-	**$23,102,458**	**$23,102,458.00**	-	**$23,102,458.00**

Bond Proceeds Account

Cash Deposit	0.96
Cost of Investments Purchased with Bond Proceeds	22,712,864.00
Total Cost of Investments	$22,712,864.96

Unrestricted Money Account

Cash Deposit	0.44
Cost of Investments	389,594.00
Total Cost of Investments	$389,594.44

Cash Deposit	1.40
Cost of Investments	23,102,458.00
Total Deposit	$23,102,459.40

Delivery Date	11/03/2009

FINAL AND VERIFIED NUMBERS

$20,780,000

Fort Bend County, Texas

Unlimited Tax Road Refunding Bonds, Series 2009

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/03/2009	-	-	-	-	-
03/01/2010	-	-	333,955.56	333,955.56	-
09/01/2010	-	-	442,000.00	442,000.00	-
09/30/2010	-	-	-	-	775,955.56
03/01/2011	2,020,000.00	4.000%	442,000.00	2,462,000.00	-
09/01/2011	-	-	401,600.00	401,600.00	-
09/30/2011	-	-	-	-	2,863,600.00
03/01/2012	1,985,000.00	3.000%	401,600.00	2,386,600.00	-
09/01/2012	-	-	371,825.00	371,825.00	-
09/30/2012	-	-	-	-	2,758,425.00
03/01/2013	1,950,000.00	4.000%	371,825.00	2,321,825.00	-
09/01/2013	-	-	332,825.00	332,825.00	-
09/30/2013	-	-	-	-	2,654,650.00
03/01/2014	1,925,000.00	4.000%	332,825.00	2,257,825.00	-
09/01/2014	-	-	294,325.00	294,325.00	-
09/30/2014	-	-	-	-	2,552,150.00
03/01/2015	1,905,000.00	4.000%	294,325.00	2,199,325.00	-
09/01/2015	-	-	256,225.00	256,225.00	-
09/30/2015	-	-	-	-	2,455,550.00
03/01/2016	1,880,000.00	4.000%	256,225.00	2,136,225.00	-
09/01/2016	-	-	218,625.00	218,625.00	-
09/30/2016	-	-	-	-	2,354,850.00
03/01/2017	1,850,000.00	4.000%	218,625.00	2,068,625.00	-
09/01/2017	-	-	181,625.00	181,625.00	-
09/30/2017	-	-	-	-	2,250,250.00
03/01/2018	1,835,000.00	5.000%	181,625.00	2,016,625.00	-
09/01/2018	-	-	135,750.00	135,750.00	-
09/30/2018	-	-	-	-	2,152,375.00
03/01/2019	1,820,000.00	5.000%	135,750.00	1,955,750.00	-
09/01/2019	-	-	90,250.00	90,250.00	-
09/30/2019	-	-	-	-	2,046,000.00
03/01/2020	1,810,000.00	5.000%	90,250.00	1,900,250.00	-
09/01/2020	-	-	45,000.00	45,000.00	-
09/30/2020	-	-	-	-	1,945,250.00
03/01/2021	1,800,000.00	5.000%	45,000.00	1,845,000.00	-
09/30/2021	-	-	-	-	1,845,000.00
Total	**$20,780,000.00**	-	**$5,874,055.56**	**$26,654,055.56**	-

Yield Statistics

Accrued Interest from 10/15/2009 to 11/03/2009	44,200.00
Bond Year Dollars	$130,105.22
Average Life	6.261 Years
Average Coupon	4.5148499%
Net Interest Cost (NIC)	2.9378446%
True Interest Cost (TIC)	2.7352735%
Bond Yield for Arbitrage Purposes	2.4576095%
All Inclusive Cost (AIC)	2.8178304%

IRS Form 8038

Net Interest Cost	2.5044567%
Weighted Average Maturity	6.367 Years

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FINAL AND VERIFIED NUMBERS

$20,780,000

Fort Bend County, Texas

Unlimited Tax Road Refunding Bonds, Series 2009

Proof Of Bond Yield @ 2.4576095%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
11/03/2009	-	1.0000000x	-	-
03/01/2010	333,955.56	0.9920256x	331,292.45	331,292.45
09/01/2010	442,000.00	0.9799835x	433,152.70	764,445.15
03/01/2011	2,462,000.00	0.9680876x	2,383,431.60	3,147,876.74
09/01/2011	401,600.00	0.9563361x	384,064.56	3,531,941.31
03/01/2012	2,386,600.00	0.9447272x	2,254,685.97	5,786,627.28
09/01/2012	371,825.00	0.9332593x	347,009.13	6,133,636.41
03/01/2013	2,321,825.00	0.9219306x	2,140,561.41	8,274,197.82
09/01/2013	332,825.00	0.9107393x	303,116.82	8,577,314.64
03/01/2014	2,257,825.00	0.8996840x	2,031,328.99	10,608,643.63
09/01/2014	294,325.00	0.8887628x	261,585.12	10,870,228.75
03/01/2015	2,199,325.00	0.8779742x	1,930,950.69	12,801,179.44
09/01/2015	256,225.00	0.8673166x	222,228.20	13,023,407.64
03/01/2016	2,136,225.00	0.8567884x	1,830,292.70	14,853,700.33
09/01/2016	218,625.00	0.8463879x	185,041.55	15,038,741.89
03/01/2017	2,068,625.00	0.8361137x	1,729,605.69	16,768,347.58
09/01/2017	181,625.00	0.8259642x	150,015.75	16,918,363.32
03/01/2018	7,446,625.00	0.8159379x	6,075,983.73	22,994,347.05
Total	**$26,112,055.56**	-	**$22,994,347.05**	-

Derivation Of Target Amount

Par Amount of Bonds	$20,780,000.00
Reoffering Premium or (Discount)	2,170,147.05
Accrued Interest from 10/15/2009 to 11/03/2009	44,200.00
Original Issue Proceeds	$22,994,347.05

FINAL AND VERIFIED NUMBERS

$20,780,000

Fort Bend County, Texas

Unlimited Tax Road Refunding Bonds, Series 2009

Proof of D/S for Arbitrage Purposes

Date	Principal	Interest	Total
11/03/2009	-	-	-
03/01/2010	-	333,955.56	333,955.56
09/01/2010	-	442,000.00	442,000.00
03/01/2011	2,020,000.00	442,000.00	2,462,000.00
09/01/2011	-	401,600.00	401,600.00
03/01/2012	1,985,000.00	401,600.00	2,386,600.00
09/01/2012	-	371,825.00	371,825.00
03/01/2013	1,950,000.00	371,825.00	2,321,825.00
09/01/2013	-	332,825.00	332,825.00
03/01/2014	1,925,000.00	332,825.00	2,257,825.00
09/01/2014	-	294,325.00	294,325.00
03/01/2015	1,905,000.00	294,325.00	2,199,325.00
09/01/2015	-	256,225.00	256,225.00
03/01/2016	1,880,000.00	256,225.00	2,136,225.00
09/01/2016	-	218,625.00	218,625.00
03/01/2017	1,850,000.00	218,625.00	2,068,625.00
09/01/2017	-	181,625.00	181,625.00
03/01/2018	7,265,000.00	181,625.00	7,446,625.00
Total	**$20,780,000.00**	**$5,332,055.56**	**$26,112,055.56**

$20,780,000

Fort Bend County, Texas

Unlimited Tax Road Refunding Bonds, Series 2009

Proof of Premium Bond Selection of Call Dates/Prices

Maturity	Call Date	Call Price	PV at Bond Yield	Lowest?
03/01/2019	-	-	2,208,195.35	No
03/01/2019	03/01/2018	100.000%	2,171,125.35	Yes
03/01/2020	-	-	2,232,039.14	No
03/01/2020	03/01/2018	100.000%	2,159,196.08	Yes
03/01/2021	-	-	2,254,622.06	No
03/01/2021	03/01/2018	100.000%	2,147,266.82	Yes

FINAL AND VERIFIED NUMBERS

$20,780,000

Fort Bend County, Texas

Unlimited Tax Road Refunding Bonds, Series 2009

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price		Dollar Price
03/01/2011	Serial Coupon	4.000%	0.850%	2,020,000.00	104.149%		2,103,809.80
03/01/2012	Serial Coupon	3.000%	1.170%	1,985,000.00	104.189%		2,068,151.65
03/01/2013	Serial Coupon	4.000%	1.490%	1,950,000.00	108.117%		2,108,281.50
03/01/2014	Serial Coupon	4.000%	1.790%	1,925,000.00	109.161%		2,101,349.25
03/01/2015	Serial Coupon	4.000%	2.050%	1,905,000.00	109.792%		2,091,537.60
03/01/2016	Serial Coupon	4.000%	2.280%	1,880,000.00	110.079%		2,069,485.20
03/01/2017	Serial Coupon	4.000%	2.490%	1,850,000.00	110.054%		2,035,999.00
03/01/2018	Serial Coupon	5.000%	2.700%	1,835,000.00	117.047%		2,147,812.45
03/01/2019	Serial Coupon	5.000%	2.870%	1,820,000.00	115.674%	c	2,105,266.80
03/01/2020	Serial Coupon	5.000%	3.020%	1,810,000.00	114.478%	c	2,072,051.80
03/01/2021	Serial Coupon	5.000%	3.120%	1,800,000.00	113.689%	c	2,046,402.00
Total	-	-	-	**$20,780,000.00**	-	-	**$22,950,147.05**

Bid Information

Par Amount of Bonds	$20,780,000.00
Reoffering Premium or (Discount)	2,170,147.05
Gross Production	$22,950,147.05
Total Underwriter's Discount (0.570%)	$(118,380.76)
Bid (109.874%)	22,831,766.29
Accrued Interest from 10/15/2009 to 11/03/2009	44,200.00
Total Purchase Price	$22,875,966.29
Bond Year Dollars	$130,105.22
Average Life	6.261 Years
Average Coupon	4.5148499%
Net Interest Cost (NIC)	2.9378446%
True Interest Cost (TIC)	2.7352735%

Closing Memorandum Relating to:

FORT BEND COUNTY, TEXAS

$20,780,000

Unlimited Tax Road Refunding Bonds, Series 2009

Closing: November 3, 2009

First Southwest Company

FORT BEND COUNTY, TEXAS

$20,780,000
Unlimited Tax Road Refunding Bonds, Series 2009

Table of Contents

$20,780,000
FORT BEND COUNTY, TEXAS
UNLIMITED TAX ROAD REFUNDING BONDS, SERIES 2009

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First Southwest Company
Investment Bankers Since 1946

1021 Main Street
Suite 2200
Houston, Texas 77002

(713) 654-8690 Direct
(800) 922-9850 Toll Free
(713) 654-8658 Fax

Joseph W. Morrow
Senior Vice President

jmorrow@firstsw.com

October 27, 2009

Ms. Debi Jones
Morgan Keegan & Company, Inc.
4400 Post Oak Parkway, Suite 2670
Houston, Texas 77027

Re: ***$20,780,000 Fort Bend County, Texas Unlimited Tax Road Refunding Bonds, Series 2009***

Dear Debi:

Delivery of the captioned bonds is scheduled for **Tuesday, November 3, 2009 at 10:00 a.m., CST,** by telephone. Funds in the amount of **$22,875,966.29** should be wired or otherwise transferred for immediate credit to:

Wells Fargo Bank, N.A.
ABA No.: 121 000 248
A/C No.: 000 103 8377
For further credit to: 99990909
Re: Fort Bend County, Texas
Unlimited Tax Road Refunding Bonds, Series 2009
Attn: Jose Gaytan 512-344-7306

The total amount of funds to be wired has been determined as follows:

Principal Amount of the Bonds	$ 20,780,000.00
Plus: Accrued Interest	44,200.00
Plus: Net Premium	2,170,147.05
Less: Underwriter's Discount	(118,380.76)
TOTAL AMOUNT DUE:	**$ 22,875,966.29**

Your Good Faith Check in the amount of $226,650, which is being held by Ed Sturdivant, will be returned to you uncashed upon closing.

If you have questions about this procedure, please do not hesitate to call.

Sincerely,

Joseph W. Morrow
Senior Vice President

cc: Distribution

First Southwest Company
Investment Bankers Since 1946

1021 Main Street
Suite 2200
Houston, Texas 77002

(713) 654-8690 Direct
(800) 922-9850 Toll Free
(713) 654-8658 Fax

Joseph W. Morrow
Senior Vice President

jmorrow@firstsw.com

October 27, 2009

Ms. Sue Brock
309 S. Fourth St. Suite 514
Richmond, TX 77469

Re: ***$20,780,000 Fort Bend County, Texas Unlimited Tax Road Refunding Bonds, Series 2009***

Dear Sue:

Delivery of the captioned bonds is scheduled for Tuesday, November 3, 2009 at 10:00 a.m., CST, by telephone. On **Monday, November 2, 2009**, please wire funds in the amount of **$389,594.44** to the following:

Wells Fargo Bank, N.A.
ABA No.: 121 000 248
A/C No.: 000 103 8377
For further credit to: 99990909
Re: Fort Bend County, Texas
Unlimited Tax Road Refunding Bonds, Series 2009
Attn: Jose Gaytan 512-344-7306

If you have questions about this procedure, please do not hesitate to call.

Sincerely,

Joseph W. Morrow
Senior Vice President

cc: Distribution

First Southwest Company
Investment Bankers Since 1946

1021 Main Street
Suite 2200
Houston, Texas 77002

(713) 654-8690 Direct
(800) 922-9850 Toll Free
(713) 654-8658 Fax

Joseph W. Morrow
Senior Vice President

jmorrow@firstsw.com

October 27, 2009

Mr. Jose Gaytan
Wells Fargo Bank Texas, N.A.
PO Box 2019 (78768)
400 West 15th St., 1st Floor
Austin, Texas 78701

Re: ***$20,780,000 Fort Bend County, Texas Unlimited Tax Road Refunding Bonds, Series 2009***

Dear Jose:

Delivery of the above captioned Bonds is scheduled for **10:00 A.M., Houston Time, Tuesday, November 3, 2009**, by telephone. As purchaser of the Bonds, Morgan Keegan & Company, Inc. will wire or transfer immediately available funds in the amount of **$22,875,966.29** to your attention on the day of closing. In addition, the County will wire funds in the amount of **$389,594.44** to your attention prior to closing, for total funds available of **$23,265,560.73**. Upon receipt of these funds, please distribute or credit the following:

Deposit to Escrow Account: *For the Purchase of SLGS as per the Escrow Agreement*	$ 23,102,459.40
Deposit to Debt Service Fund: Prosperity Bank Account # 1102216536 ABA # 113122655 FBC Debt Service	47,661.33
Cost of Issuance:	114,140.00
Retain for Initial Paying Agent Fee and Setup:	1,300.00
TOTAL FUNDS	**$23,265,560.73**

Please pay all invoices received at closing and return any surplus funds allocated to costs of issuance to the County, to be included in the deposit to the Debt Service Fund.

If you have questions about this procedure, please do not hesitate to call.

Sincerely,

Joseph W. Morrow
Senior Vice President

cc: Distribution

First Southwest Company
Investment Bankers Since 1946

1021 Main Street
Suite 2200
Houston, Texas 77002

(713) 654-8690 Direct
(800) 922-9850 Toll Free
(713) 654-8658 Fax

Joseph W. Morrow
Senior Vice President

jmorrow@firstsw.com

October 27, 2009

Mr. Ed Sturdivant
Fort Bend County Auditor
309 S. Fourth St. Suite 533
Richmond, TX 77469

Re: ***$20,780,000 Fort Bend County, Texas Unlimited Tax Road Refunding Bonds, Series 2009***

Dear Ed:

Delivery of the above captioned bonds is scheduled for **Tuesday, November 3, 2009 at 10:00 a.m., CST**, by telephone.

The County will receive an incoming wire some time after 10:00 A.M. on the above mentioned date, in the amount of **$47,661.33 plus any surplus proceeds allocated to the costs of issuance**. This wire represents a deposit to the Debt Service Fund.

If you have questions about this procedure, please call.

Sincerely,

Joseph W. Morrow
Senior Vice President

cc: Distribution

U.S. TREASURY SECURITIES
Subscription Review

Date: 10/21/2009

Issue Information

Treasury Case Number:
2009-04086
Issue Date:
11/03/2009
Issue Amount:
$23,102,458.00

Bank Ref Number:

Rate Table Date:
10/05/2009
Status:
Complete

State or Local Government Body

Underlying Bond Issue: Unlimited Tax Road and Refunding Bonds, Series 2009
Taxpayer Identification Number: 74-6001969
FORT BEND COUNTY
301 JACKSON ST., STE. 533
RICHMOND, TX 77469
Contact: Robert E. Sturdivant
Telephone: 281-341-3769
Fax: 281-341-3774
E-Mail: sturdrob@co.fort-bend.tx.us

Trustee Bank

ABA Routing Number: 091000019
WELLS FARGO BANK, N.A.
P.O. BOX 2019
AUSTIN, TX 78768
Contact: JOSE GAYTAN
Telephone: 512-344-7306
Fax: 512-344-8621
E-Mail: jose.a.gaytan@wellsfargo.com

Financial Institution Managing (ACH) Payments

ABA Routing Number: 091000019
WELLS FARGO BANK, N.A.
P.O. BOX 2019
AUSTIN, TX 78768
Contact: JOSE GAYTAN
Telephone: 512-344-7306
Fax: 512-344-8621
E-Mail: jose.a.gaytan@wellsfargo.com

ACH Payment Instructions:
Account Name: WFTTEE-NILES
Account Number: 31380-0000000
Account Type: Checking
ABA Routing Number: 091000019

U.S. TREASURY SECURITIES
Subscription Review

Date: 10/21/2009

Financial Institution Transmitting Funds for Purchase

ABA Routing Number: 091000019
WELLS FARGO BANK, N.A.

Contact: JOSE GAYTAN
Telephone: 512-344-7306
Fax: 512-344-8621
E-Mail: jose.a.gaytan@wellsfargo.com

Subscriber

ABA Routing Number or TIN: 750708002
First Southwest Company
325 N. St. Paul Street
Suite 800
Dallas, TX 75201
Contact: RICHARD A FOX
Telephone: 214-953-4030
Fax: 214-953-4050
E-Mail: rfox@firstsw.com

Viewers

U.S. TREASURY SECURITIES
Subscription Review

Date: 10/21/2009

Issue Information

Treasury Case Number:
2009-04086

Issue Date:
11/03/2009

Issue Amount:
$23,102,458.00

Bank Ref Number:

Rate Table Date:
10/05/2009

Status:
Complete

Schedule of SLGS Securities

Security Number	Principal Amount	Interest Rate	Maturity Date	First Interest Payment
1	$23,102,458.00	0.11	03/01/2010	--

Moody's Investors Service

New Issue: MOODY'S ASSIGNS Aa2 TO FORT BEND COUNTY'S $22.6 MILLION UNLIMITED TAX REFUNDING BONDS, SERIES 2009

Global Credit Research - 06 Oct 2009

RATING AFFIRMATION AFFECTS $536 MILLION OF PARITY DEBT, INCLUSIVE OF CURRENT SALE

County
TX

Moody's Rating

ISSUE	**RATING**
Unlimited Tax Road Refunding Bonds, Series 2009	Aa2

Sale Amount	$22,665,000
Expected Sale Date	10/15/09
Rating Description	General Obligation

Opinion

NEW YORK, Oct 6, 2009 -- Moody's Investors Service has assigned a Aa2 rating to Fort Bend County's [TX] $22.6 million Unlimited Tax Road Refunding Bonds, Series 2009. Concurrently, we have affirmed the Aa2 rating on $535 million of outstanding parity debt, including the current issue. The rating reflects the County's sizable tax base that has benefited from significant growth, a high yet manageable debt burden, and strong financial position. The Bonds are payable from an unlimited continuing ad valorem tax, on all taxable property located within the County. The proceeds will refund the county's outstanding Series 2001 Unlimited Tax Road Bonds for an expected net present value savings with no extension of final maturity.

TAX BASE GROWTH SLOWS IN FISCAL 2010

Fort Bend County serves a largely residential area west of Houston (Aa3 with a positive outlook GO rating), including the growing City of Sugar Land (Aa2) and numerous municipal utility districts. The county has experienced rapid population growth, 57% between 1990 and 2000 and an estimated 49%, to 528,392, over the last eight years. The fiscal 2009 assessed valuation (AV) of $38.2 billion is largely single family residential (approximately 60% in 2007), with properties in the category of commercial/industrial representing a more modest 17%. Continued residential development helped to increase the taxable value by 14% over the previous year, resulting in a healthy average annual tax base growth rate of 12.5% for the preceding five years. However, tax base growth for fiscal 2010 is considerably slower increasing by just 3.7% to $39.2 billion over fiscal 2009. Slower growth is reflective of a more moderate pace of new construction and some softening of residential values. Including fiscal 2010 the five year average annual growth is a still strong 11.1%. Over the medium term, national and regional economic conditions are expected to continue to impact growth rates. Beyond the current economic cycle, factors that have contributed to the rapid population and tax base growth are expected to continue to drive growth, including ample space for development with less than half of the available land built out, coupled with continuing transportation improvements in a region with positive demographic trends. Wealth levels of the County are favorable at 127% that of the statewide median and 116% of the country.

ABOVE AVERAGE DEBT PROFILE; SIGNIFICANT FUTURE BORROWING PLANS

The County's 1.37% direct debt burden is above average, reflective of the significant growth demands in the County. On an overall basis, the debt burden is more pronounced at 10.63%, reflecting the substantial borrowing of underlying school and utility districts also driven by rapid population expansion. The County has unissued authorization totaling $106 million that is expected to be issued within two years. Moreover, management reports mobility initiatives are likely to lead the County to seek additional voter authorization in the coming years. Absent the current refunding, outstanding debt includes $313 million in unlimited tax bonds and $212 million in limited tax debt. Included in the unlimited tax bonds is $138 million issued for the county's toll road, which became operational in phases in 2004 and 2005. Capitalized interest has been exhausted and the toll road has supported its own debt in each of the last two years. Moody's notes that debt service escalates but that 2008 audited revenues, net of a one time capital expenditure, provided 1.1x coverage of maximum annual debt service. Net of toll road related debt, the County's debt burden is a more moderate 1.0%. The rate of principal retirement is below average with 33% amortized in ten years. Moody's expects the County's debt needs to remain significant and notes that substantial additional borrowing absent commensurate tax base expansion, could impact credit quality. The County does not have swap or variable rate debt exposure.

HEALTHY RESERVES CONTINUE DESPITE CASH FUNDING OF CAPITAL EXPENDITURES

Fort Bend County maintains a codified General Fund reserve policy of 15% annual operating expenditures. The FYE 2008 General Fund balance was a healthy $38.7 million, or 22% of General Fund revenues. Fiscal 2008 posted a $3 million operating surplus reflecting the county's conservative budgeting practices. The vast majority of county fund balance is undesignated. The fiscal 2009 (ended September 30) budget included appropriation of $8.6 million of fund balance as a revenue source-consistent with county historical practice and reflective of $5.4 million in budgeted pay as you go capital. Management reports a more modest $3 million draw on fund balance as a result of various expenditure controls across County departments. Operations are reportedly structurally balanced given significant ongoing pay-as-you-go funding. Management reports the adoption of a balance budget for fiscal 2010 and includes $8 million of pay-go capital projects. Property taxes are the County's largest revenue source, contributing 78% of operating revenues in fiscal 2008. The fiscal 2009 tax rate was reduced to $4.84 per $1,000 of taxable value, providing financial flexibility given the statutory maximum rate of $8.00. Moody's notes weakness in the County's self insurance internal service funds in fiscal 2008 that resulted in a substantial reduction in net assets. In fiscal 2009, management expects this deterioration to be lessened but continue. On-going efforts to strengthen these funds are underway, but officials do not anticipate a turn-around in fund balance in fiscal 2010 as employee premiums were not increased. Given the historically ample reserve levels and prudent management of finances, Moody's believes the County's financial operations will remain favorable.

KEY STATISTICS:

Population estimate: 528,392 (2009)

Fiscal 2010 assessed valuation: $39.2 billion

Full value per capita: $73,801

Direct debt burden: 1.37% (0.8% net of Toll Road Debt)

Overall debt burden: 10.63%

Payout of principal (10 years): 35.8%

Fiscal 2008 General Fund balance: $38.7 million (21.6% of General Fund revenues)

Post-sale debt outstanding: $536 million

PRINCIPAL METHODOLOGY AND LAST RATING ACTION

The principal methodology used in rating the current issue was " Local Government General Obligation and Related Ratings," which can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Credit Policy & Methodologies directory.

The last rating action was on June 16, 2009, when the Aa2 underlying rating for Fort Bend County was affirmed.

Analysts

Michelle Smithen
Analyst
Public Finance Group
Moody's Investors Service

Robyn Rosenblatt
Backup Analyst
Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653

Moody's Investors Service

CREDIT RATINGS ARE MIS'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moodys.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."

STANDARD
&POOR'S

RATINGSDIRECT®

September 28, 2009

Summary:
Fort Bend County, Texas; General Obligation

Primary Credit Analyst:
James Breeding, Dallas (1) 214-871-1407; james_breeding@standardandpoors.com

Secondary Credit Analyst:
Edward R McGlade, New York (1) 212-438-2061; edward_mcglade@standardandpoors.com

Table Of Contents

Summary:

Fort Bend County, Texas; General Obligation

Credit Profile		
US$22.665 mil unltd tax road rfdg bnds ser 2009 dtd 10/15/2009 due 03/01/2021		
Long Term Rating	AA+/Stable	New
Fort Bend Cnty GO		
Long Term Rating	AA+/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'AA+' long-term rating, and stable outlook, to Fort Bend County, Texas' series 2009 unlimited tax road refunding bonds and affirmed its 'AA+' long-term rating and Standard & Poor's underlying rating (SPUR), with a stable outlook, on the county's existing debt.

The ratings continue to reflect our view of the county's:

- Participation in the Houston metropolitan statistical area economy, resulting in continued property tax base growth and diversification;
- Above-average wealth levels; and
- Sound financial performance.

The county's high overlapping debt burden and tax rate due, in large part, to the preferred method of financing new projects, including the use of individual municipal utility districts in the county's unincorporated areas, minimally offset these strengths.

The county's full faith and credit pledge secures the bonds. Officials will use bond proceeds to advance refund and defease certain of the county's bonds outstanding.

Fort Bend County is located adjacent to Harris County ('AAA' GO rating) and encompasses the city of Sugar Land. The county's access to the state's largest city, as well as areas in the entire region, has allowed it to experience rapid commercial and residential development. The county population has increased by approximately 50% since 2000 to nearly 550,000. Officials are forecasting the population to grow to about 700,000 by 2020. Residential income levels have also increased. Median household effective buying income indicators have risen to about 160% of the nation's average from 135% in 1990. Meanwhile, county unemployment has historically remained below state and national rates. Assessed value (AV) has also grown significantly. AV has increased by $17 billion since fiscal 2004 to more than $38 billion, though growth from fiscal 2009 to 2010 was only minimal. Market value per capital remains high at approximately $70,000. Single-family residences account for almost two-thirds of the total property tax base, following steady building activity in the master-planned communities of Cinco Ranch, First Colony, Greatwood, and New Territory.

In our view, Fort Bend County's financial performance remains strong. County officials reported a $38.5 million unreserved general fund balance, or about 23% of annual operating expenditures, at fiscal year-end 2008, which is well above the county's policy of maintaining 15% of reserves on hand. Officials regularly budget for pay-as-you-go capital expenditures, but high property tax base growth allows reserves to remain elevated. The local property tax rate of 48.4 cents per $100 of AV, which generates the vast majority of county revenues, has steadily decreased in recent years, affording county officials some additional revenue-raising flexibility. A general fund operating and maintenance levy of 39.6 cents per $100 of AV and additional road and bridge maintenance, debt service, and local drainage district levies comprise the tax rate.

Standard & Poor's deems Fort Bend County's management practices "strong" under its Financial Management Assessment (FMA) methodology, indicating practices are strong, well embedded, and likely sustainable.

The county's own debt burden is in our view low and very manageable at just 0.9% of AV, but overall net debt levels are elevated at about 10.0% of market value. Due to a large amount of overlapping debt, however, the county's debt burden appears very high. Direct debt consists of bonds issued for county toll roads, supported by toll road revenues. Overall net debt consists of:

- $1.66 billion issued by special districts, including a large number of municipal utility districts;
- $1.68 billion issued by local school districts; and
- $291 million issued by cities.

Debt associated with the county toll roads accounts for approximately $136 million of the county's debt. Revenues generated by the toll roads currently provide sufficient funds to operate the thoroughfares and cover debt service. In addition, special districts within the county typically issue tax-backed debt for water and sewer projects, which entities in many other counties address with revenue bonds.

In 2007, the electorate authorized $156 million of general obligation bonds for county roads, and, in 2008, authorized an additional $74 million for county buildings. County officials have exhausted the 2008 authorization, and have $106 million remaining from the 2007 authorization.

Outlook

The stable outlook reflects Standard & Poor's expectation that the county will continue to maintain strong reserves. The county's manageable capital needs and property tax base stability are credit strengths that should, we expect, remain in place. Given the substantial number of special districts within the county, we expect debt ratios will remain above average. Officials, however, do not expect this high debt, coupled with high overall tax rates, to slow the county's economic growth.

Related Research

USPF Criteria: "GO Debt," Oct. 12, 2006

Ratings Detail (As Of September 28, 2009)		
Fort Bend Cnty perm imp rfdg bnds ser 2003 dtd 07/01/2003 due 09/01/2004-2011		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Fort Bend Cnty GO		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed

Ratings Detail (As Of September 28, 2009) (cont.)		
Fort Bend Flood Cntl Wtr Supply Corp, Texas		
Fort Bend Cnty, Texas		
Fort Bend Flood Ctl Wtr Supply Corp GO		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

Complete ratings information is available to RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Ratings in the left navigation bar, select Find a Rating.

SPECIMEN BOND

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF FORT BEND

REGISTERED NUMBER ___________	REGISTERED DENOMINATION $_______________

FORT BEND COUNTY, TEXAS
UNLIMITED TAX ROAD REFUNDING BONDS
SERIES 2009

INTEREST RATE:	MATURITY DATE:	ISSUE DATE:	CUSIP:
	March 1, 20___	October 15, 2009	

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

Fort Bend County, Texas (the "County"), 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 "Registrar"), at its principal payment office in Houston, Texas, 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 October 15, 2009, 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, 2010, and semiannually thereafter on each September 1 and March 1, mailed to the registered owner as shown on the books of registration kept by the Registrar as of the close of business on the 15th day of the calendar month next preceding each interest payment date.

THIS BOND is one of a duly authorized issue of Bonds, aggregating $20,780,000 (the "Bonds"), issued to refund certain obligations of the County, under and in strict conformity with the Constitution and laws of the State of Texas, and pursuant to an order adopted by the Commissioners Court (the "Order"), which Order is of record in the official minutes of the Commissioners Court.

THE COUNTY RESERVES THE RIGHT to redeem the Bonds scheduled to mature on or after March 1, 2019, prior to maturity, in whole or from time to time in part, in integral multiples of $5,000, on March 1, 2018, 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 Order for complete details concerning the manner of redeeming the Bonds.

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 Bond to be redeemed in whole or in part at the address shown on the books of registration kept by the Registrar. When 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 principal payment office of the Registrar in Houston, 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 Order.

THE BONDS are exchangeable at the principal payment office of the Registrar in Houston, Texas, for Bonds in the principal amount of $5,000 or any integral multiple thereof, subject to the terms and conditions of the Order.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Order 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 Order.

THE COUNTY has covenanted in the Order 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.

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.

(AUTHENTICATION CERTIFICATE) (SEAL)

____
County Judge

COUNTERSIGNED: REGISTERED:

______________________________ ______________________________
County Clerk County Treasurer

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)

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

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.