

Pricing Book  
Revenue Refunding Bonds, Series 2010

# Fort Bend Flood Control Water Supply Corporation

September 14, 2010



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Fort Bend Flood Control Water Supply Corp.

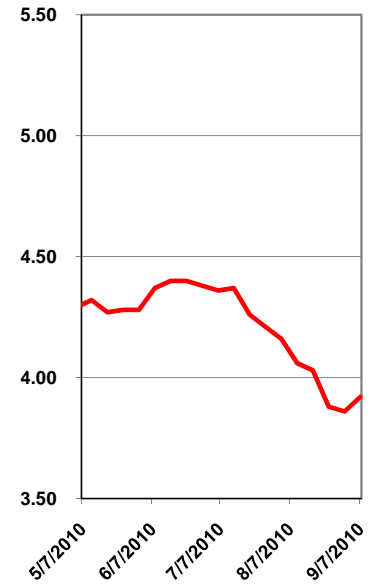
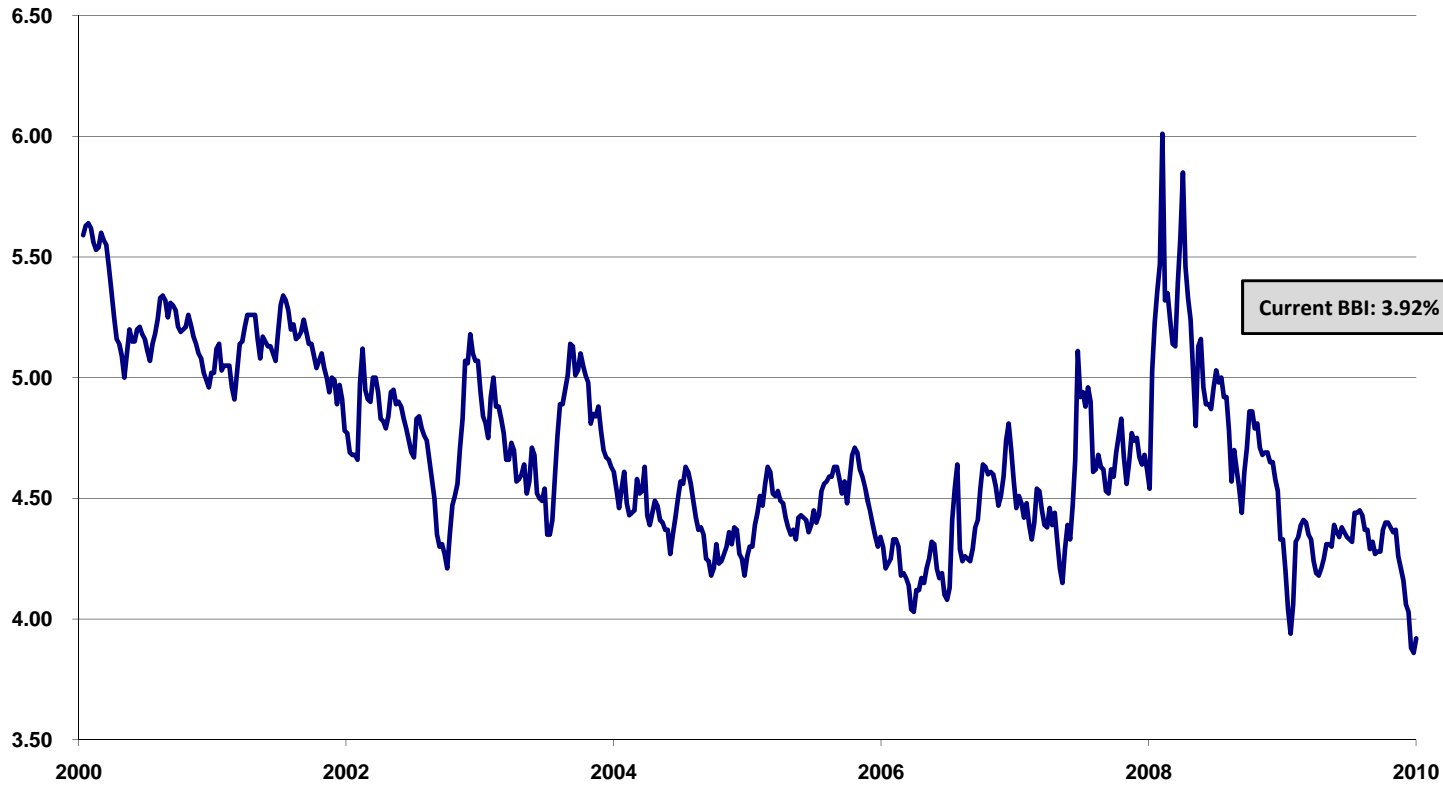
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Historical Interest Rates  
General Obligation "Bond Buyer's" Index Over Past 10 Years  
As of 9/9/10



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SOURCES AND USES OF FUNDS

Fort Bend Flood Control Water Supply Corporation  
Revenue Refunding Bonds, Series 2010  
FINAL Numbers

Dated Date 10/01/2010  
Delivery Date 10/12/2010

Sources:

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Bond Proceeds:	
Par Amount	9,675,000.00
Accrued Interest	11,017.95
Net Premium	784,853.30
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	10,470,871.25

Other Sources of Funds:	
Transfer from Debt Service Fund	111,473.96
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	10,582,345.21

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Uses:

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Refunding Escrow Deposits:	
Cash Deposit	10.43
SLGS Purchases	10,319,631.00
	<hr/>
	10,319,641.43

Other Fund Deposits:	
Accrued Interest	11,017.95

Delivery Date Expenses:	
Cost of Issuance	190,000.00
Underwriter's Discount	61,521.67
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	251,521.67

Other Uses of Funds:	
Additional Proceeds	164.16
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	10,582,345.21

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SUMMARY OF REFUNDING RESULTS

Fort Bend Flood Control Water Supply Corporation  
Revenue Refunding Bonds, Series 2010  
FINAL Numbers

Dated Date	10/01/2010
Delivery Date	10/12/2010
Arbitrage yield	2.228068%
Escrow yield	0.149022%
Bond Par Amount	9,675,000.00
True Interest Cost	2.373116%
Net Interest Cost	2.490557%
Average Coupon	3.781039%
Average Life	5.763
Par amount of refunded bonds	10,070,000.00
Average coupon of refunded bonds	5.103073%
Average life of refunded bonds	5.929
PV of prior debt to 10/12/2010 @ 2.725534%	11,409,504.77
Net PV Savings	1,078,681.23
Percentage savings of refunded bonds	10.711829%
Percentage savings of refunding bonds	11.149160%

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SUMMARY OF BONDS REFUNDED

Fort Bend Flood Control Water Supply Corporation  
Revenue Refunding Bonds, Series 2010  
FINAL Numbers

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Revenue Bonds, Series 2001, 2001:					
SERIAL	03/01/2012	4.500%	920,000.00	03/01/2011	100.000
	03/01/2013	4.650%	950,000.00	03/01/2011	100.000
	03/01/2014	5.375%	1,050,000.00	03/01/2011	100.000
	03/01/2015	5.375%	1,050,000.00	03/01/2011	100.000
	03/01/2016	5.375%	1,025,000.00	03/01/2011	100.000
	03/01/2017	5.375%	1,025,000.00	03/01/2011	100.000
	03/01/2018	5.000%	1,025,000.00	03/01/2011	100.000
	03/01/2019	5.000%	1,025,000.00	03/01/2011	100.000
	03/01/2020	5.000%	1,000,000.00	03/01/2011	100.000
	03/01/2021	5.000%	1,000,000.00	03/01/2011	100.000
			10,070,000.00		

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## SAVINGS

### Fort Bend Flood Control Water Supply Corporation Revenue Refunding Bonds, Series 2010 FINAL Numbers

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 10/12/2010 @ 2.7255342%
09/30/2011	511,137.50	111,473.96	399,663.54	399,663.54		(2,172.27)
09/30/2012	1,410,437.50		1,410,437.50	1,284,737.50	125,700.00	120,170.03
09/30/2013	1,397,650.00		1,397,650.00	1,270,118.75	127,531.25	118,760.00
09/30/2014	1,447,343.75		1,447,343.75	1,323,700.00	123,643.75	112,130.92
09/30/2015	1,390,906.25		1,390,906.25	1,262,300.00	128,606.25	113,635.17
09/30/2016	1,310,140.63		1,310,140.63	1,182,100.00	128,040.63	110,202.49
09/30/2017	1,255,046.88		1,255,046.88	1,128,000.00	127,046.88	106,515.35
09/30/2018	1,201,875.00		1,201,875.00	1,074,500.00	127,375.00	104,011.00
09/30/2019	1,150,625.00		1,150,625.00	1,026,500.00	124,125.00	98,715.17
09/30/2020	1,075,000.00		1,075,000.00	949,500.00	125,500.00	97,217.10
09/30/2021	1,025,000.00		1,025,000.00	893,200.00	131,800.00	99,496.26
	13,175,162.51	111,473.96	13,063,688.55	11,794,319.79	1,269,368.76	1,078,681.23

#### Savings Summary

PV of savings from cash flow	1,078,681.23
Net PV Savings	1,078,681.23

BOND PRICING

Fort Bend Flood Control Water Supply Corporation  
Revenue Refunding Bonds, Series 2010  
FINAL Numbers

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)	Takedown
Serial Bond:										
	03/01/2011	70,000	2.500%	0.600%	100.731				511.70	2.500
	03/01/2012	940,000	3.000%	0.770%	103.068				28,839.20	2.500
	03/01/2013	955,000	3.250%	0.930%	105.461				52,152.55	2.500
	03/01/2014	1,045,000	4.000%	1.180%	109.332				97,519.40	3.750
	03/01/2015	1,025,000	4.000%	1.530%	110.438				106,989.50	3.750
	03/01/2016	985,000	4.000%	1.830%	111.080				109,138.00	5.000
	03/01/2017	970,000	4.000%	2.130%	111.108				107,747.60	5.000
	03/01/2018	955,000	4.000%	2.370%	110.982				104,878.10	5.000
	03/01/2019	945,000	4.000%	2.590%	110.565				99,839.25	5.000
	03/01/2020	905,000	4.000%	2.760%	109.224	C 2.872%	03/01/2019	100.000	83,477.20	5.000
	03/01/2021	880,000	3.000%	3.080%	99.291				(6,239.20)	5.000
9,675,000									784,853.30	

Dated Date	10/01/2010	
Delivery Date	10/12/2010	
First Coupon	03/01/2011	
Par Amount	9,675,000.00	
Premium	784,853.30	
Production	10,459,853.30	108.112179%
Underwriter's Discount	(61,521.67)	(0.635883)
Purchase Price	10,398,331.63	107.476296%
Accrued Interest	11,017.95	
Net Proceeds	10,409,349.58	



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BOND DEBT SERVICE

Fort Bend Flood Control Water Supply Corporation  
Revenue Refunding Bonds, Series 2010  
FINAL Numbers

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
10/12/2010				
03/01/2011	70,000	150,244.79	220,244.79	
09/01/2011		179,418.75	179,418.75	399,663.54
03/01/2012	940,000	179,418.75	1,119,418.75	
09/01/2012		165,318.75	165,318.75	1,284,737.50
03/01/2013	955,000	165,318.75	1,120,318.75	
09/01/2013		149,800.00	149,800.00	1,270,118.75
03/01/2014	1,045,000	149,800.00	1,194,800.00	
09/01/2014		128,900.00	128,900.00	1,323,700.00
03/01/2015	1,025,000	128,900.00	1,153,900.00	
09/01/2015		108,400.00	108,400.00	1,262,300.00
03/01/2016	985,000	108,400.00	1,093,400.00	
09/01/2016		88,700.00	88,700.00	1,182,100.00
03/01/2017	970,000	88,700.00	1,058,700.00	
09/01/2017		69,300.00	69,300.00	1,128,000.00
03/01/2018	955,000	69,300.00	1,024,300.00	
09/01/2018		50,200.00	50,200.00	1,074,500.00
03/01/2019	945,000	50,200.00	995,200.00	
09/01/2019		31,300.00	31,300.00	1,026,500.00
03/01/2020	905,000	31,300.00	936,300.00	
09/01/2020		13,200.00	13,200.00	949,500.00
03/01/2021	880,000	13,200.00	893,200.00	893,200.00
	9,675,000	2,119,319.79	11,794,319.79	11,794,319.79

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**New Issue: MOODY'S ASSIGNS Aa1 RATING TO FORT BEND FLOOD CONTROL WATER SUPPLY CORPORATION'S (TX) \$10.1 MILLION REVENUE REFUNDING BONDS, SERIES 2010**

Global Credit Research - 10 Sep 2010

**Aa1 RATING AFFECTS \$10.3 MILLION IN OUTSTANDING PARITY DEBT, INCLUSIVE OF CURRENT SALE**

Fort Bend (County of) TX  
Municipality  
TX

**Moody's Rating**

ISSUE	RATING
Revenue Refunding Bonds, Series 2010	Aa1
<b>Sale Amount</b>	\$10,105,000
<b>Expected Sale Date</b>	09/14/10
<b>Rating Description</b>	General Obligation Limited Tax

**Opinion**

NEW YORK, Sep 10, 2010 -- Moody's Investors Service has assigned a Aa1 rating to Fort Bend Flood Control Water Supply Corporation's (TX) \$10.1 million Revenue Refunding Bonds, Series 2010. Concurrently, we have affirmed the Aa1 rating on \$160,000 in outstanding parity debt, reflecting the net impact of the current refunding. In addition, we have also affirmed the Aa1 rating on Fort Bend County's \$457 million in outstanding general obligation debt.

**RATINGS RATIONALE**

Proceeds from the current offering will refund a portion of the corporation's outstanding debt for an expected 9% net present value savings and no extension of the final maturity. The bonds are secured by Fort Bend County's payments to the corporation, which are secured by the county's general obligation limited tax pledge. Therefore, given the county is the ultimate obligor for debt service payments, the rating reflects our assessment of Fort Bend County's credit strength. The Aa1 rating is indicative of the county's sizeable tax base, stable financial operations, and manageable debt profile. The county maintains substantial tax rate capacity, which is a key factor in the assignment of the same rating for limited and unlimited tax debt outstanding.

**TAX BASE GROWTH SLOWS FOR HOUSTON-AREA COUNTY**

Fort Bend County is located southwest of the City of Houston (GO rated Aa2/stable), and includes the City of Sugarland (Aa1) and portions of the cities of Katy (Aa3) and Missouri City (Aa2). The local economy is driven by mineral production and agriculture. Although the county continues to diversify, it remains largely residential as single-family residential properties represent 60% of the total tax base. The five-year average annual rate of tax base growth is a healthy 8.7%, inclusive of a modest 1% decline in the most recent year. The fiscal 2011 certified full value is a sizeable \$39.4 billion. The largest taxpayer, NRG Energy (Ba3/negative, comprising 4.6% of total tax base), is currently working on a \$300 million carbon capture demonstration project at its coal-fired power plant that is scheduled to begin operating in 2013.

The county's population has grown approximately 55% since the 2000 U.S. Census to an estimated 547,876 residents. Wealth indices are favorable as measured by per capita income and median family income (from 2000 U.S. Census) that approximate 127.4% and 152.2% of the state levels, respectively. The June 2010 unemployment rate was in line with the state at 8.5% and below the U.S. (9.6%) for the same time period. Given the ample amount of land remaining available for development and the favorable proximity to Houston, Moody's believes the county will experience tax base expansion over the long term. However, we expect near-to-medium term growth trends will remain below historical averages as the county recovers from the current economic downturn.

**STABLE FINANCIAL OPERATIONS; SUBSTANTIAL PAY-GO FINANCING**

The county operates under a codified General Fund policy requiring maintenance of reserves at a minimum of 15% of annual operating expenditures. To limit the need for debt issuance, a substantial amount of capital projects have been cash funded out of the General Fund (\$15 million in FY 2007, \$9 million in FY 2008, and \$22 million in FY 2009). The General Fund balance at FYE 2009 (September 30) was \$34.6 million, or 16.9% of revenues. Management anticipates the General Fund will increase modestly in fiscal 2010 to approximately \$35 million. Operating revenues are largely derived from property taxes (75%), fees and fines (12%) and intergovernmental revenues (11%). The county currently levies a total tax rate of \$5.00 per \$1,000 of assessed valuation (\$3.86 for General Fund operations, \$0.31 for Road and Bridge Fund operations, \$0.21 for Drainage District Fund operations, and \$0.62 for debt service), well below the statutory maximum of \$8.00 per \$1,000. The fiscal 2011 budget is balanced and includes a 5% net expenditure cut to allow the total property tax rate to remain flat. We believe the county's historical trend of favorable budget-to-actual variance demonstrates conservative fiscal practices and strength of management.

**MANAGEABLE DEBT PROFILE**

In addition to debt on parity with the current offering, the county's debt profile includes \$203.5 million in general obligation limited tax (GOLT) bonds; and \$253.5 million in general obligation unlimited tax (GOULT) bonds. As such, the direct debt burden is 1.2% of fiscal 2011 assessed valuation. The overall debt burden is much higher at 10.2%, largely attributable to general obligation debt issuance by local school districts, Fort Bend ISD (Aa2) and Lamar CISD (Aa2), and numerous municipal utility districts. The outstanding GOULT debt includes \$135.9 million issued for the county's toll roads, which is currently 100% supported by toll revenues. Net of the toll road obligations, debt burdens are reduced to 0.8% direct and 9.8% overall. Amortization is slow with only 39.3% of principal retired in ten years. The debt profile has no exposure to variable rate

debt or interest rate swaps. The county has \$106 million remaining in debt authorization, and officials report plans to issue \$50 million in mid-2011 and the remainder in 2013 or later. Moody's believes the county will prudently manage future debt issuance in line with tax base expansion in order to maintain a manageable debt profile.

#### WHAT COULD CHANGE THE RATING-UP:

\*Significant economic development resulting in tax base growth and diversification

\*Trend of operating surpluses, substantially bolstering financial reserves

#### WHAT COULD CHANGE THE RATING-DOWN:

\*Trend of tax base contraction and weakened socioeconomic profile

\*Consistent reduction in reserves, whether it be to cover general operating expenditures or to finance non-recurring capital projects.

#### KEY FACTS

2010 Estimated Population: 547,876

FY 2011 Full Value: \$39.4 billion

Full Value per Capita: \$71,995

Per Capita Income (2000 U.S. Census): 24,985 (127.4% of state; 115.7% of U.S.)

Direct Debt Burden (net of self-supporting debt): 0.8%

Overall Debt Burden (net of self-supporting debt): 9.8%

Payout of Principal (10 years): 39.3%

FY 2009 General Fund Balance: \$34.6 million (16.9% of General Fund revenues)

Post-sale Parity Debt Outstanding (GOULT, GOLT, Flood Control, GO-Backed Toll Road Debt): \$467 million

#### PRINCIPAL METHODOLOGY

The principal methodology used in rating Fort Bend County Flood Control Water Supply Corporation, TX was General Obligation Bonds Issued by U.S. Local Governments rating methodology published in October 2009. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found on Moody's website.

#### REGULATORY DISCLOSURES

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