

# Pricing Book

## UNLIMITED TAX AND SUBORDINATE LIEN TOLL ROAD REVENUE REFUNDING BONDS, SERIES 2012

Fort Bend County, Texas

June 5, 2012

Fort Bend County, Texas



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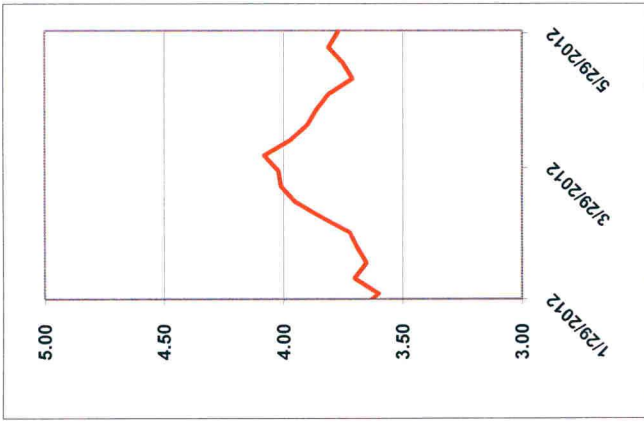
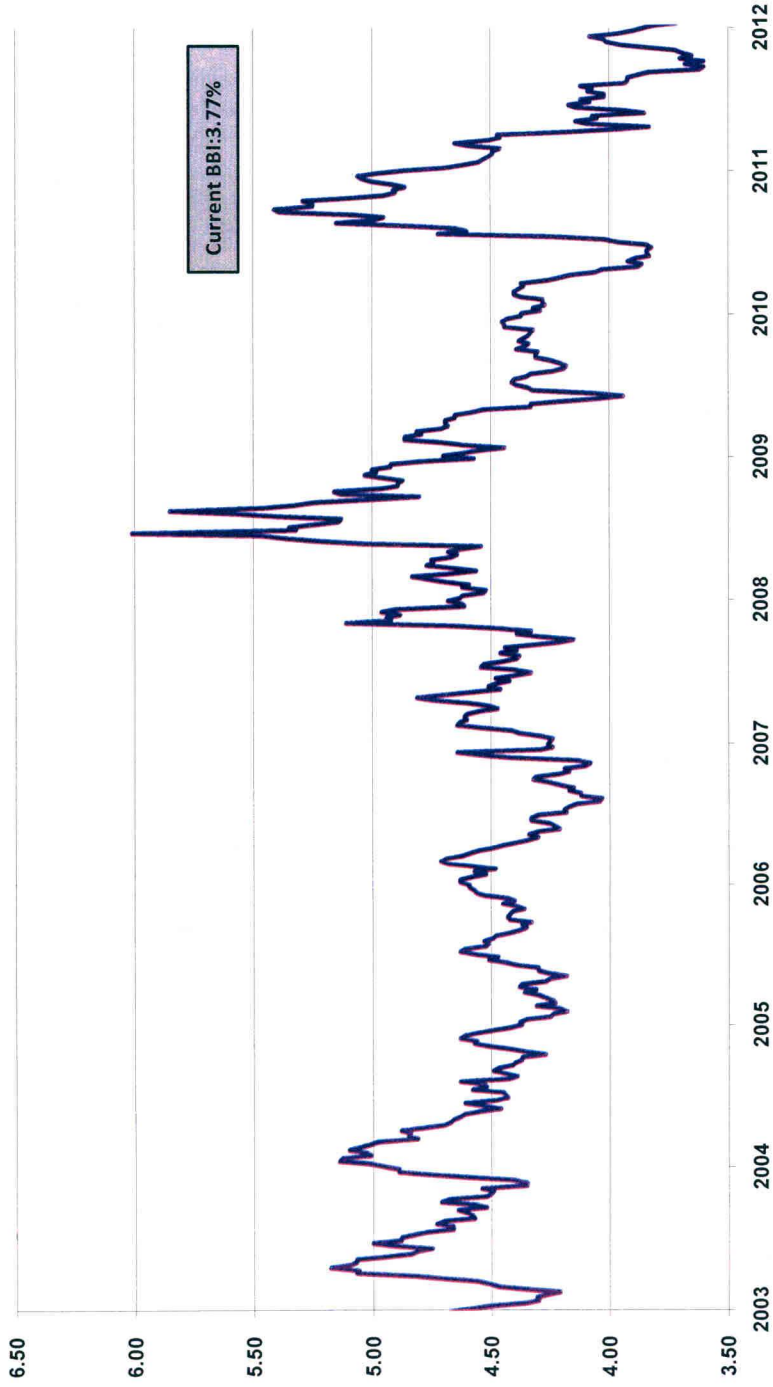
June 5, 2012  
Pricing Book

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Historical Interest Rates  
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As of 6/5/2012



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SUMMARY OF REFUNDING RESULTS

Fort Bend County, Texas  
Unlimited Tax & Subordinate Lien Toll Road Revenue Refunding Bonds, Series 2012  
FINAL NUMBERS

Dated Date	07/12/2012
Delivery Date	07/12/2012
Arbitrage yield	2.586682%
Escrow yield	0.332412%
Bond Par Amount	116,940,000.00
True Interest Cost	3.214582%
Net Interest Cost	3.573774%
All-In TIC	3.241676%
Average Coupon	4.936156%
Average Life	12.919
Par amount of refunded bonds	127,080,000.00
Average coupon of refunded bonds	5.002758%
Average life of refunded bonds	12.910
PV of prior debt to 07/12/2012 @ 3.241676%	152,302,401.99
Net PV Savings	13,021,700.05
Percentage savings of refunded bonds	10.246852%

**SAVINGS**

Fort Bend County, Texas  
 Unlimited Tax & Subordinate Lien Toll Road Revenue Refunding Bonds, Series 2012  
 FINAL NUMBERS

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Annual Savings	Present Value to 07/12/2012 @ 3.2416758%
07/12/2012	-	2,121,600.00	(2,121,600.00)	-	(2,121,600.00)	-	(2,121,600.00)
09/01/2012	3,182,400.00	-	3,182,400.00	-	3,182,400.00	-	3,168,501.38
03/01/2013	3,182,400.00	-	3,182,400.00	3,623,813.68	(441,413.68)	619,386.32	(432,476.14)
09/01/2013	3,182,400.00	-	3,182,400.00	2,848,412.50	333,987.50	-	322,005.88
03/01/2014	3,182,400.00	-	3,182,400.00	2,848,412.50	333,987.50	667,975.00	316,869.93
09/01/2014	3,182,400.00	-	3,182,400.00	2,848,412.50	333,987.50	-	311,815.90
03/01/2015	4,482,400.00	-	4,482,400.00	3,903,412.50	578,987.50	912,975.00	531,929.98
09/01/2015	3,149,900.00	-	3,149,900.00	2,827,312.50	322,587.50	-	291,641.98
03/01/2016	6,679,900.00	-	6,679,900.00	6,077,312.50	602,587.50	925,175.00	536,092.65
09/01/2016	3,059,237.50	-	3,059,237.50	2,762,312.50	296,925.00	-	259,946.35
03/01/2017	7,299,237.50	-	7,299,237.50	6,662,312.50	636,925.00	933,850.00	548,709.51
09/01/2017	2,950,250.00	-	2,950,250.00	2,684,312.50	265,937.50	-	225,450.40
03/01/2018	8,000,250.00	-	8,000,250.00	7,354,312.50	645,937.50	911,875.00	538,863.97
09/01/2018	2,824,000.00	-	2,824,000.00	2,567,562.50	256,437.50	-	210,517.12
03/01/2019	8,374,000.00	-	8,374,000.00	7,692,562.50	681,437.50	937,875.00	550,489.62
09/01/2019	2,685,250.00	-	2,685,250.00	2,465,062.50	220,187.50	-	175,038.26
03/01/2020	8,685,250.00	-	8,685,250.00	7,995,062.50	690,187.50	910,375.00	539,914.08
09/01/2020	2,535,250.00	-	2,535,250.00	2,326,812.50	208,437.50	-	160,454.04
03/01/2021	8,855,250.00	-	8,855,250.00	8,151,812.50	703,437.50	911,875.00	532,865.42
09/01/2021	2,377,250.00	-	2,377,250.00	2,181,187.50	196,062.50	-	146,151.67
03/01/2022	9,027,250.00	-	9,027,250.00	8,311,187.50	716,062.50	912,125.00	525,263.72
09/01/2022	2,211,000.00	-	2,211,000.00	2,027,937.50	183,062.50	-	132,142.68
03/01/2023	9,186,000.00	-	9,186,000.00	8,452,937.50	733,062.50	916,125.00	520,717.22
09/01/2023	2,036,625.00	-	2,036,625.00	1,867,312.50	169,312.50	-	118,349.71
03/01/2024	9,401,625.00	-	9,401,625.00	8,657,312.50	744,312.50	913,625.00	511,977.30
09/01/2024	1,852,500.00	-	1,852,500.00	1,697,562.50	154,937.50	-	104,874.32
03/01/2025	9,572,500.00	-	9,572,500.00	8,812,562.50	759,937.50	914,875.00	506,183.20
09/01/2025	1,659,500.00	-	1,659,500.00	1,519,687.50	139,812.50	-	91,641.69
03/01/2026	9,789,500.00	-	9,789,500.00	9,009,687.50	779,812.50	919,625.00	502,984.38
09/01/2026	1,456,250.00	-	1,456,250.00	1,332,437.50	123,812.50	-	78,586.15
03/01/2027	10,006,250.00	-	10,006,250.00	9,212,437.50	793,812.50	917,625.00	495,811.61
09/01/2027	1,242,500.00	-	1,242,500.00	1,135,437.50	107,062.50	-	65,804.16
03/01/2028	10,222,500.00	-	10,222,500.00	9,410,437.50	812,062.50	919,125.00	491,159.64
09/01/2028	1,018,000.00	-	1,018,000.00	928,562.50	89,437.50	-	53,231.67
03/01/2029	10,448,000.00	-	10,448,000.00	9,618,562.50	829,437.50	918,875.00	485,793.10
09/01/2029	782,250.00	-	782,250.00	711,312.50	70,937.50	-	40,884.70
03/01/2030	10,722,250.00	-	10,722,250.00	9,866,312.50	855,937.50	926,875.00	485,449.64
09/01/2030	533,750.00	-	533,750.00	490,875.00	42,875.00	-	23,928.94
03/01/2031	10,943,750.00	-	10,943,750.00	10,065,875.00	877,875.00	920,750.00	482,135.68
09/01/2031	273,500.00	-	273,500.00	251,500.00	22,000.00	-	11,889.85
03/01/2032	11,213,500.00	-	11,213,500.00	10,311,500.00	902,000.00	924,000.00	479,708.69
	211,468,425.00	2,121,600.00	209,346,825.00	191,511,838.68	17,834,986.32	17,834,986.32	13,021,700.05

Savings Summary

Dated Date	07/12/2012
Delivery Date	07/12/2012
PV of savings from cash flow	13,021,700.05
Net PV Savings	13,021,700.05

**BOND SUMMARY STATISTICS**

Fort Bend County, Texas  
 Unlimited Tax & Subordinate Lien Toll Road Revenue Refunding Bonds, Series 2012  
 FINAL NUMBERS

Dated Date	07/12/2012
Delivery Date	07/12/2012
First Coupon	03/01/2013
Last Maturity	03/01/2032
Arbitrage Yield	2.586682%
True Interest Cost (TIC)	3.214582%
Net Interest Cost (NIC)	3.573774%
All-In TIC	3.241676%
Average Coupon	4.936156%
Average Life (years)	12.919
Duration of Issue (years)	9.911
Par Amount	116,940,000.00
Bond Proceeds	138,207,137.45
Total Interest	74,571,838.68
Net Interest	53,989,956.74
Total Debt Service	191,511,838.68
Maximum Annual Debt Service	10,577,625.00
Average Annual Debt Service	9,753,043.14
Underwriter's Fees (per \$1000)	
Average Takedown	4.737205
Management Fee	0.500000
Other Fee	0.622685
Total Underwriter's Discount	5.859890
Bid Price	117.600378

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
serial Bonds	116,940,000.00	118.186	4.936%	12.919	100,876.85
	116,940,000.00			12.919	100,876.85

	TIC	All-In TIC	Arbitrage Yield
Par Value	116,940,000.00	116,940,000.00	116,940,000.00
+ Accrued Interest	-	-	-
+ Premium (Discount)	21,267,137.45	21,267,137.45	21,267,137.45
- Underwriter's Discount	(685,255.51)	(685,255.51)	
- Cost of Issuance Expense		(362,780.00)	
- Other Amounts	-	-	-
Target Value	137,521,881.94	137,159,101.94	138,207,137.45
Target Date	07/12/2012	07/12/2012	07/12/2012
Yield	3.214582%	3.241676%	2.586682%

**BOND PRICING**

Fort Bend County, Texas  
 Unlimited Tax & Subordinate Lien Toll Road Revenue Refunding Bonds, Series 2012  
 FINAL NUMBERS

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Call Date	Call Price	Call Date for Arb Yield	Call Price for Arb Yield	Premium (-Discount)	Takedown
serial Bonds:											
	03/01/2015	1,055,000.00	4.000%	0.630%	108.795	-	-	-	-	92,787.25	2,500
	03/01/2016	3,250,000.00	4.000%	0.760%	111.597	-	-	-	-	376,902.50	3,750
	03/01/2017	3,900,000.00	4.000%	0.990%	113.605	-	-	-	-	530,595.00	3,750
	03/01/2018	4,670,000.00	5.000%	1.220%	120.526	-	-	-	-	958,564.20	3,750
	03/01/2019	5,125,000.00	4.000%	1.470%	115.939	-	-	-	-	816,873.75	3,750
	03/01/2020	5,530,000.00	5.000%	1.750%	123.133	-	-	-	-	1,279,254.90	3,750
	03/01/2021	5,825,000.00	5.000%	1.990%	123.772	-	-	-	-	1,384,719.00	5,000
	03/01/2022	6,130,000.00	5.000%	2.190%	124.289	-	-	-	-	1,488,915.70	5,000
	03/01/2023	6,425,000.00	5.000%	2.390%	122.342 C	03/01/2022	100.000	03/01/2022	100.000	1,435,473.50	5,000
	03/01/2024	6,790,000.00	5.000%	2.560%	120.716 C	03/01/2022	100.000	03/01/2022	100.000	1,406,616.40	5,000
	03/01/2025	7,115,000.00	5.000%	2.680%	119.584 C	03/01/2022	100.000	03/01/2022	100.000	1,393,401.60	5,000
	03/01/2026	7,490,000.00	5.000%	2.760%	118.836 C	03/01/2022	100.000	03/01/2022	100.000	1,410,816.40	5,000
	03/01/2027	7,880,000.00	5.000%	2.840%	118.093 C	03/01/2022	100.000	03/01/2022	100.000	1,425,728.40	5,000
	03/01/2028	8,275,000.00	5.000%	2.900%	117.540 C	03/01/2022	100.000	03/01/2022	100.000	1,451,435.00	5,000
	03/01/2029	8,690,000.00	5.000%	2.970%	116.899 C	03/01/2022	100.000	03/01/2022	100.000	1,468,523.10	5,000
	03/01/2030	900,000.00	3.125%	3.360%	96.889	-	-	-	-	(27,999.00)	5,000
	03/01/2030	8,255,000.00	5.000%	3.040%	116.262 C	03/01/2022	100.000	03/01/2022	100.000	1,342,428.10	5,000
	03/01/2031	9,575,000.00	5.000%	3.100%	115.719 C	03/01/2022	100.000	03/01/2022	100.000	1,505,094.25	5,000
	03/01/2032	10,060,000.00	5.000%	3.160%	115.179 C	03/01/2022	100.000	03/01/2022	100.000	1,527,007.40	5,000
		116,940,000.00								21,267,137.45	

Dated Date	07/12/2012
Delivery Date	07/12/2012
First Coupon	03/01/2013
Par Amount	116,940,000.00
Premium	21,267,137.45
Production Underwriter's Discount	138,207,137.45 (685,255.51)
Purchase Price	117,603,378%
Accrued Interest	-
Net Proceeds	137,521,881.94

BOND DEBT SERVICE

Fort Bend County, Texas  
 Unlimited Tax & Subordinate Lien Toll Road Revenue Refunding Bonds, Series 2012  
 FINAL NUMBERS

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
03/01/2013	-	-	3,623,813.68	3,623,813.68	3,623,813.68
09/01/2013	-	-	2,848,412.50	2,848,412.50	-
03/01/2014	-	-	2,848,412.50	2,848,412.50	5,696,825.00
09/01/2014	-	-	2,848,412.50	2,848,412.50	-
03/01/2015	1,055,000.00	4.000%	2,848,412.50	3,903,412.50	6,751,825.00
09/01/2015	-	-	2,827,312.50	2,827,312.50	-
03/01/2016	3,250,000.00	4.000%	2,827,312.50	6,077,312.50	8,904,625.00
09/01/2016	-	-	2,762,312.50	2,762,312.50	-
03/01/2017	3,900,000.00	4.000%	2,762,312.50	6,662,312.50	9,424,625.00
09/01/2017	-	-	2,684,312.50	2,684,312.50	-
03/01/2018	4,670,000.00	5.000%	2,684,312.50	7,354,312.50	10,038,625.00
09/01/2018	-	-	2,567,562.50	2,567,562.50	-
03/01/2019	5,125,000.00	4.000%	2,567,562.50	7,692,562.50	10,260,125.00
09/01/2019	-	-	2,465,062.50	2,465,062.50	-
03/01/2020	5,530,000.00	5.000%	2,465,062.50	7,995,062.50	10,460,125.00
09/01/2020	-	-	2,326,812.50	2,326,812.50	-
03/01/2021	5,825,000.00	5.000%	2,326,812.50	8,151,812.50	10,478,625.00
09/01/2021	-	-	2,181,187.50	2,181,187.50	-
03/01/2022	6,130,000.00	5.000%	2,181,187.50	8,311,187.50	10,492,375.00
09/01/2022	-	-	2,027,937.50	2,027,937.50	-
03/01/2023	6,425,000.00	5.000%	2,027,937.50	8,452,937.50	10,480,875.00
09/01/2023	-	-	1,867,312.50	1,867,312.50	-
03/01/2024	6,790,000.00	5.000%	1,867,312.50	8,657,312.50	10,524,625.00
09/01/2024	-	-	1,697,562.50	1,697,562.50	-
03/01/2025	7,115,000.00	5.000%	1,697,562.50	8,812,562.50	10,510,125.00
09/01/2025	-	-	1,519,687.50	1,519,687.50	-
03/01/2026	7,490,000.00	5.000%	1,519,687.50	9,009,687.50	10,529,375.00
09/01/2026	-	-	1,332,437.50	1,332,437.50	-
03/01/2027	7,880,000.00	5.000%	1,332,437.50	9,212,437.50	10,544,875.00
09/01/2027	-	-	1,135,437.50	1,135,437.50	-
03/01/2028	8,275,000.00	5.000%	1,135,437.50	9,410,437.50	10,545,875.00
09/01/2028	-	-	928,562.50	928,562.50	-
03/01/2029	8,690,000.00	5.000%	928,562.50	9,618,562.50	10,547,125.00
09/01/2029	-	-	711,312.50	711,312.50	-
03/01/2030	9,155,000.00	** %	711,312.50	9,866,312.50	10,577,625.00
09/01/2030	-	-	490,875.00	490,875.00	-
03/01/2031	9,575,000.00	5.000%	490,875.00	10,065,875.00	10,556,750.00
09/01/2031	-	-	251,500.00	251,500.00	-
03/01/2032	10,060,000.00	5.000%	251,500.00	10,311,500.00	10,563,000.00
	116,940,000.00		74,571,838.68	191,511,838.68	191,511,838.68

**SUMMARY OF BONDS REFUNDED**

Fort Bend County, Texas  
 Unlimited Tax & Subordinate Lien Toll Road Revenue Refunding Bonds, Series 2012  
 FINAL NUMBERS

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price	
<b>Unlimited Tax &amp; Subordinate Lien Toll Road Revenue Bonds, Series 2003:</b>						
SERIAL	03/01/2015	5.000%	1,300,000.00	09/01/2013	100.000	
	03/01/2016	5.000%	1,600,000.00	09/01/2013	100.000	
	03/01/2017	5.000%	1,850,000.00	09/01/2013	100.000	
	03/01/2018	5.000%	2,150,000.00	09/01/2013	100.000	
	03/01/2019	5.000%	2,500,000.00	09/01/2013	100.000	
	03/01/2020	5.000%	2,800,000.00	09/01/2013	100.000	
	03/01/2021	5.000%	2,950,000.00	09/01/2013	100.000	
	03/01/2022	5.000%	3,100,000.00	09/01/2013	100.000	
	03/01/2023	5.000%	3,250,000.00	09/01/2013	100.000	
	03/01/2024	5.000%	3,450,000.00	09/01/2013	100.000	
	03/01/2025	5.000%	3,600,000.00	09/01/2013	100.000	
	03/01/2026	5.000%	3,800,000.00	09/01/2013	100.000	
	TERM2028	03/01/2027	5.000%	4,000,000.00	09/01/2013	100.000
		03/01/2028	5.000%	4,200,000.00	09/01/2013	100.000
	TERM2032	03/01/2029	5.000%	4,400,000.00	09/01/2013	100.000
03/01/2030		5.000%	4,650,000.00	09/01/2013	100.000	
03/01/2031		5.000%	4,850,000.00	09/01/2013	100.000	
03/01/2032		5.000%	5,100,000.00	09/01/2013	100.000	
			<u>59,550,000.00</u>			
<b>Unlimited Tax &amp; Subordinate Lien Toll Road Revenue Bonds, Series 2004:</b>						
SERIAL	03/01/2016	5.250%	1,930,000.00	09/01/2014	100.000	
	03/01/2017	5.250%	2,390,000.00	09/01/2014	100.000	
	03/01/2018	5.000%	2,900,000.00	09/01/2014	100.000	
	03/01/2019	5.000%	3,050,000.00	09/01/2014	100.000	
	03/01/2020	5.000%	3,200,000.00	09/01/2014	100.000	
	03/01/2021	5.000%	3,370,000.00	09/01/2014	100.000	
	03/01/2022	5.000%	3,550,000.00	09/01/2014	100.000	
	03/01/2023	5.000%	3,725,000.00	09/01/2014	100.000	
	03/01/2024	5.000%	3,915,000.00	09/01/2014	100.000	
	TERM2027	03/01/2025	5.000%	4,120,000.00	09/01/2014	100.000
		03/01/2026	5.000%	4,330,000.00	09/01/2014	100.000
		03/01/2027	5.000%	4,550,000.00	09/01/2014	100.000
	TERM2030	03/01/2028	5.000%	4,780,000.00	09/01/2014	100.000
		03/01/2029	5.000%	5,030,000.00	09/01/2014	100.000
03/01/2030		5.000%	5,290,000.00	09/01/2014	100.000	
TERM2032	03/01/2031	5.000%	5,560,000.00	09/01/2014	100.000	
	03/01/2032	5.000%	5,840,000.00	09/01/2014	100.000	
			<u>67,530,000.00</u>			
			<u>127,080,000.00</u>			

# FitchRatings

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Tagging Info

## **Fitch Rates Fort Bend County, TX ULT and Sub Lien Toll Road Rev Rfng Bonds 'AA+';** **Outlook Stable** Ratings Endorsement Policy 22 May 2012 3:26 PM (EDT)

Fitch Ratings-Austin-22 May 2012: Fitch Ratings has assigned an 'AA+' rating to the following Fort Bend County, Texas' (the county) unlimited tax (ULT) bonds:

--\$117.8 million unlimited tax and subordinate lien toll road revenue refunding bonds, series 2012.

The bonds are expected to price via negotiation on the week of June 4, 2012. Proceeds from the sale of the bonds will be used to refund ULT and subordinate lien toll road revenue bonds, series 2003 and 2004 for debt service savings and to pay issuance costs.

In addition, Fitch affirms its 'AA+' rating on the county's outstanding \$303.8 million ULT bonds (pre-refunding) and \$190.3 million limited tax bonds.

The Rating Outlook is Stable.

### SECURITY

The unlimited tax bonds are direct and voted obligations of the county, payable from the levy and collection of direct and continuing property taxes without legal limit as to rate or amount on all taxable property located within the county. The ULT and subordinate lien toll road revenue bonds are further secured by a subordinate lien on net revenues of the county's toll road system. The limited tax bonds are also secured by a property tax that is limited to \$0.80 per \$100 of TAV.

### KEY RATING DRIVERS

**STRONG FINANCIAL PROFILE:** The county's prudent fiscal practices are evident in the consistent maintenance of strong financial reserves while annually investing a significant portion in pay as you go capital projects.

**RELIANCE ON PROPERTY TAXES:** Previously rapid taxable assessed valuation growth has slowed significantly in recent years, including one year of modest decline. Fitch believes the county's affordable home prices and ample developable land will lead to resumed solid growth, although the timing is unclear. Property taxes comprise over three fourths of the county's general fund resources, providing some stability to the county's financial profile and budgeting efforts.

**HIGH OVERALL DEBT:** Direct debt ratios are low, although overall levels are very high, reflecting issuance by the large number of fast-growing school districts, cities, and special districts within the county.

**ABOVE AVERAGE ECONOMY:** The county benefits from its location within the broad and diverse Houston MSA. County wealth levels as measured by median household income are well above the MSA, state, and national levels. The county's own economy continues to expand and diversify, with unemployment levels below state and national averages.

### CREDIT SUMMARY

#### CONSERVATIVE FISCAL STEWARDSHIP YIELDS STRONG PERFORMANCE

The county's financial position and conservative fiscal stewardship are important credit strengths. Over the last four fiscal years, the county consistently posted general fund balances well in excess of its policy to maintain a minimum of 15% of expenditures despite spending nearly \$70 million in pay as you go capital projects during the same period. Annual capital outlay spending averaged nearly 9% of general fund revenues for each year from 2008 to 2011. For the close of fiscal 2011, the county recorded an unrestricted general fund balance of \$44 million or 21% of spending. Of this amount, \$33.1

million is committed for completion of the county's five-year capital improvement plan (CIP) general purpose projects.

For fiscal 2012, the county is experiencing some budgetary pressure due to slower tax base growth compared with prior years' double digit growth trend. Additionally, the county shifted some tax levy from operations and maintenance to debt service on an ongoing basis. The adopted budget assumes the use of approximately \$9 million in fund balance for planned capital outlays. Operating expenditures were cut by 2.6% despite the addition of 44 new positions primarily for the operation of newly constructed facilities. No pay increases were approved.

#### HIGH OVERALL DEBT BURDEN

The county's direct debt burden on the budget is manageable at 12% of fiscal 2011 spending and the pace of principal amortization is slightly below average. At \$7,820 per capita or 9.3% of total market value, overall debt levels are very high, reflecting significant issuance by school districts, special districts, and cities located or partially located within the county. County officials report they are planning to issue debt to finance road infrastructure projects primarily supported with toll revenue. General purpose facility needs have been met with prior bond proceeds and annual pay-as-you-go funding. The county's five year CIP is projected to be entirely cash funded with general fund reserves. After this sale the county will have \$41 million remaining in authorized but unissued bonds from the \$156 million bond package approved by 79% of voters in 2007. The remaining authorization is entirely for county roads and will be issued sometime over the next two years.

#### AFFORDABLE PENSION LIABILITIES, BUT HIGH OPEB OBLIGATIONS

The county provides pension benefits through the Texas County and District Retirement System (TCDRS). Funding levels are satisfactory at nearly 84% (76% using a more conservative 7% investment return assumption), and the county routinely funds 100% of its annual required contribution (ARC) to TCERS. In fiscal 2011 the county paid \$11.4 million into TCERS, or a manageable 5.7% of spending.

The county also provides other post-employment benefits (OPEB) through the TCERS. The county funds these benefits on a pay-as-you-go basis, which equaled a very low 16% of the ARC in fiscal 2011. Fitch notes the lack of pre-funding as an ongoing credit concern. The unfunded actuarial accrued liability is \$240 million, or a high 228% of annual covered payroll.

#### HEALTHY ECONOMIC INDICATORS

Fort Bend County has been one of the fastest growing counties in the state and nation. Currently estimated at more than 600,000, the county's population grew over 70% since 2000, fueled by its location within the growing and diverse Houston metropolitan economy as well as the availability of ample and affordable housing.

The county's TAV experienced double-digit growth from fiscal 2006 - 2009. However, in fiscal 2010, growth slowed and TAV dipped modestly (less than 1%) in fiscal 2011. Tax base growth resumed in fiscal 2012, albeit at a much slower pace than historical levels. Nonetheless, the county's TAV is diverse with the top ten taxpayers comprising less than 6 percent of the total tax base. Property tax collections remain strong, with fiscal 2011 collection rates consistent with historically strong levels in excess of 99%.

The county's own economic base has grown significantly within the last decade. Substantial population gains and residential development have resulted in expansion of the retail and construction sectors. Located within the Houston MSA, the county's economy is heavily based on mineral production and manufacturing, as well as, agriculture. The county's unemployment rate of 6.4% in February 2012 is well below the state (7.2%) and national averages (8.7%) for the same period. In addition, the labor force grew 2% year-over-year in February 2012. Wealth levels of the county's population are notably higher than those for the Houston MSA, state, and nation.

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In addition to the sources of information identified in Fitch's Tax-Supported Rating Criteria, this action was additionally informed by information from Creditscope, University Financial Associates, S&P/Case-Shiller Home Price Index, IHS Global Insight, National Association of Realtors, and the Municipal Advisory Council of Texas.

**Applicable Criteria and Related Research:**

--'Tax-Supported Rating Criteria' (Aug. 15, 2011);  
--'U.S. Local Government Tax-Supported Rating Criteria' (Aug. 15, 2011).

**Applicable Criteria and Related Research:**

Tax-Supported Rating Criteria  
U.S. Local Government Tax-Supported Rating Criteria

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# MOODY'S

## INVESTORS SERVICE

### **Rating Action: Moody's Assigns Aa1 Underlying Rating to Fort Bend County's (TX) \$83.9 Million Unlimited Tax and Subordinate Lien Toll Road Revenue Refunding Bonds, Series 2012**

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Global Credit Research - 22 May 2012

**Moody's Maintains Aa1 Rating of \$164.2 Million in Unlimited Tax Road Bonds, \$129.2 Million in Unlimited Tax Toll Road Bonds, and \$190.3 Million in Limited Tax Bonds Outstanding, Inclusive of the Current Sale**

New York, May 22, 2012 -- Moody's Rating

Issue: Unlimited Tax and Subordinate Lien Toll Road Revenue Refunding Bonds, Series 2012; Rating: Aa1; Sale Amount: \$83,955,000; Expected Sale Date: 5/31/2012; Rating Description: General Obligation

#### Opinion

Moody's Investors Service has assigned a Aa1 underlying rating to Fort Bend County's (TX) \$83.9 million Unlimited Tax and Subordinate Lien Toll Road Revenue Refunding Bonds, Series 2012. Moody's maintains the Aa1 rating of approximately \$164.2 million in outstanding Unlimited Tax Road Bonds outstanding, \$129.2 million in Unlimited Tax Toll Road Bonds and \$190.3 million in Limited Tax Bonds outstanding. Proceeds from the current sale will refund certain maturities of the county's Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2003 and 2004 for a projected net present value savings with no extension of the final maturity.

#### SUMMARY RATINGS RATIONALE

The Bonds are payable from a continuing ad valorem tax levied on all taxable property within the county, without legal limit as to rate or amount, and are further secured by a subordinate lien on certain Net Revenues of the Toll Road System. It is anticipated that the Bonds will be paid from pledged toll road collections. The rating reflects a return to positive growth in the county's sizeable tax base, stable financial operations and reserve levels, and elevated debt profile with plans for future issuance. The following detail credit discussion is reflective of our report published on 23 March, 2012.

#### STRENGTHS

- \* Historically stable financial operations
- \* Maintained healthy reserve levels
- \* Return to positive growth in the county's sizeable tax base

#### CHALLENGES

- \* Elevated debt profile with plans for future borrowing

#### WHAT COULD MAKE THE RATING GO UP

- \* Maintenance of stable financial operations bolstering reserve position
- \* Significant tax base expansion

#### WHAT COULD MAKE THE RATING GO DOWN

- \* Contraction of assessed valuation
- \* Narrowing of current reserve position

\* Significant increase in debt profile

#### PRINCIPAL RATING METHODOLOGY

The principal methodology used in this rating was General Obligation Bonds Issued by U.S. Local Governments published in October 2009. Please see the Credit Policy page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

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