

Pricing Book

Unlimited Tax Road and Refunding Bonds, Series 2015A
Limited Tax Refunding Bonds, Series 2015B

Fort Bend County, Texas

April 14, 2015

Fort Bend County, Texas



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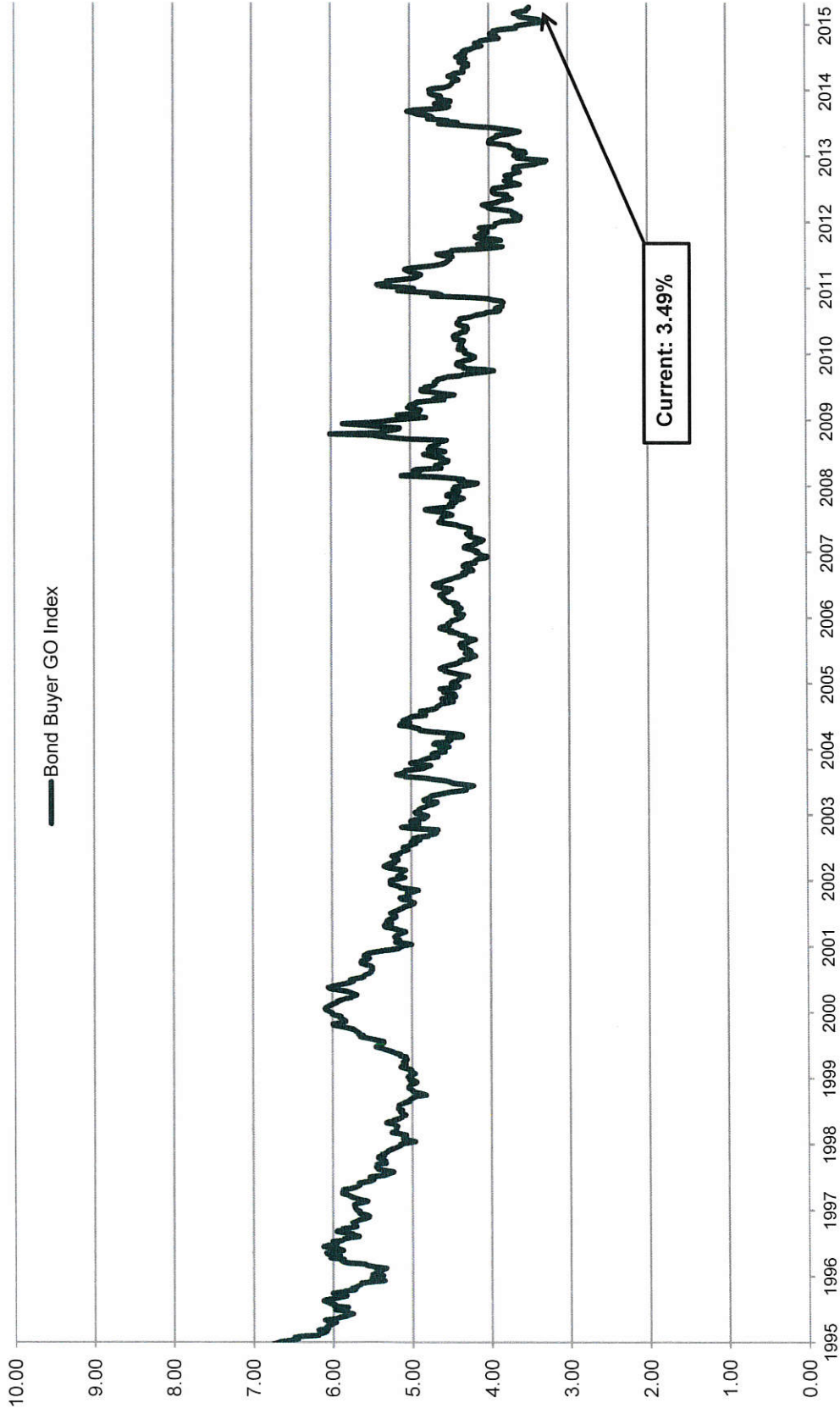
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April 14, 2015
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This graph depicts historical interest rates and their respective relationships. Future interest rates are dependent upon many factors such as, but not limited to, interest rate trends, tax rates, the supply and demand of short term securities, changes in laws, rules and regulations, as well as changes in credit quality and rating agency considerations. The effect of changes in such factors individually or in any combination could materially affect the relationships and effective interest rates. These results should be viewed with these potential changes in mind as well as the understanding that there may be interruptions in the short term market or no market may exist at all.

SOURCES AND USES OF FUNDS

Fort Bend County, Texas
 Unlimited Tax Road and Refunding Bonds, Series 2015A
 Limited Tax Refunding Bonds, Series 2015B
 FINAL NUMBERS

Dated Date 05/01/2015
 Delivery Date 05/13/2015

Sources:	Unlimited Tax Road and Refunding Bonds, Series 2015A	Limited Tax Refunding Bonds, Series 2015B	Total
Bond Proceeds:			
Par Amount	52,220,000.00	93,370,000.00	145,590,000.00
Accrued Interest	77,986.67	149,780.00	227,766.67
Net Premium/OID	6,591,782.25	15,467,371.50	22,059,153.75
	<u>58,889,768.92</u>	<u>108,987,151.50</u>	<u>167,876,920.42</u>
Other Sources of Funds:			
Transfer from Debt Service Fund	130,744.38	1,108,742.50	1,239,486.88
	<u>59,020,513.30</u>	<u>110,095,894.00</u>	<u>169,116,407.30</u>
Uses:	Unlimited Tax Road and Refunding Bonds, Series 2015A	Limited Tax Refunding Bonds, Series 2015B	Total
Project Fund Deposits:			
Project Fund	41,000,000.00		41,000,000.00
Refunding Escrow Deposits:			
Cash Deposit	959.76	815.08	1,774.84
Open Market Purchases	17,510,296.20	109,164,429.66	126,674,725.86
	<u>17,511,255.96</u>	<u>109,165,244.74</u>	<u>126,676,500.70</u>
Other Fund Deposits:			
Accrued Interest	77,986.67	149,780.00	227,766.67
Delivery Date Expenses:			
Cost of Issuance	169,771.36	303,553.22	473,324.58
Underwriter's Discount	260,553.70	478,167.01	738,720.71
	<u>430,325.06</u>	<u>781,720.23</u>	<u>1,212,045.29</u>
Other Uses of Funds:			
Contingency	945.61	(850.97)	94.64
	<u>59,020,513.30</u>	<u>110,095,894.00</u>	<u>169,116,407.30</u>

BOND PRICING

Fort Bend County, Texas
 Unlimited Tax Road and Refunding Bonds, Series 2015A
 Limited Tax Refunding Bonds, Series 2015B
 FINAL NUMBERS

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)	Takedown
Unlimited Tax Road and Refunding Bonds, Series 201, Serial Bonds:										
	03/01/2016	1,170,000.00	2.000%	0.350%	101.316				15,397.20	0.500
	03/01/2017	2,260,000.00	5.000%	0.690%	107.695				173,907.00	2.500
	03/01/2018	2,375,000.00	5.000%	1.050%	110.869				258,138.75	2.500
	03/01/2019	2,495,000.00	5.000%	1.330%	113.553				338,147.35	3.750
	03/01/2020	2,615,000.00	4.000%	1.530%	111.387				297,770.05	3.750
	03/01/2021	2,735,000.00	5.000%	1.740%	117.908				489,783.80	3.750
	03/01/2022	2,875,000.00	5.000%	1.940%	119.403				557,836.25	4.250
	03/01/2023	3,020,000.00	5.000%	2.110%	120.681				624,566.20	4.250
	03/01/2024	3,180,000.00	5.000%	2.260%	121.751				691,681.80	4.250
	03/01/2025	3,340,000.00	5.000%	2.370%	122.876				764,058.40	4.250
	03/01/2026	3,510,000.00	5.000%	2.490%	121.703 C	2.673%	03/01/2025	100.000	761,775.30	4.250
	03/01/2027	3,685,000.00	5.000%	2.600%	120.641 C	2.919%	03/01/2025	100.000	760,620.85	4.250
	03/01/2028	2,055,000.00	3.000%	3.170%	98.219				(36,599.55)	4.250
	03/01/2029	2,135,000.00	4.000%	3.140%	107.202 C	3.344%	03/01/2025	100.000	153,762.70	4.250
	03/01/2030	2,220,000.00	4.000%	3.250%	106.247 C	3.457%	03/01/2025	100.000	138,683.40	4.250
	03/01/2031	2,315,000.00	4.000%	3.330%	105.559 C	3.537%	03/01/2025	100.000	128,690.85	4.250
	03/01/2032	2,405,000.00	4.000%	3.380%	105.131 C	3.590%	03/01/2025	100.000	123,400.55	4.250
	03/01/2033	2,505,000.00	4.000%	3.420%	104.791 C	3.632%	03/01/2025	100.000	120,014.55	4.250
	03/01/2034	2,610,000.00	4.000%	3.460%	104.451 C	3.670%	03/01/2025	100.000	116,171.10	4.250
	03/01/2035	2,715,000.00	4.000%	3.490%	104.198 C	3.699%	03/01/2025	100.000	113,975.70	4.250
		52,220,000.00							6,591,782.25	
Limited Tax Refunding Bonds, Series 2015B, Serial Bonds:										
	03/01/2018	4,730,000.00	5.000%	1.070%	110.810				511,313.00	2.500
	03/01/2019	4,970,000.00	5.000%	1.330%	113.553				673,584.10	3.750
	03/01/2020	5,225,000.00	5.000%	1.530%	115.997				835,843.25	3.750
	03/01/2021	5,495,000.00	5.000%	1.740%	117.908				984,044.60	3.750
	03/01/2022	5,780,000.00	5.000%	1.940%	119.403				1,121,493.40	4.250
	03/01/2023	6,075,000.00	5.000%	2.110%	120.681				1,256,370.75	4.250
	03/01/2024	6,390,000.00	5.000%	2.250%	121.840				1,395,576.00	4.250
	03/01/2025	6,715,000.00	5.000%	2.370%	122.876				1,536,123.40	4.250
	03/01/2026	7,055,000.00	5.000%	2.490%	121.703 C	2.673%	03/01/2025	100.000	1,531,146.65	4.250
	03/01/2027	7,420,000.00	5.000%	2.600%	120.641 C	2.919%	03/01/2025	100.000	1,531,562.20	4.250
	03/01/2028	7,800,000.00	5.000%	2.720%	119.494 C	3.138%	03/01/2025	100.000	1,520,532.00	4.250
	03/01/2029	8,205,000.00	5.000%	2.800%	118.737 C	3.298%	03/01/2025	100.000	1,537,370.85	4.250
	03/01/2030	8,580,000.00	4.000%	3.250%	106.247 C	3.457%	03/01/2025	100.000	535,992.60	4.250
	03/01/2031	8,930,000.00	4.000%	3.330%	105.559 C	3.537%	03/01/2025	100.000	496,418.70	4.250
		93,370,000.00							15,467,371.50	
		145,590,000.00							22,059,153.75	

Dated Date	05/01/2015	
Delivery Date	05/13/2015	
First Coupon	09/01/2015	
Par Amount	145,590,000.00	
Premium	22,059,153.75	
Production	167,649,153.75	115.151558%
Underwriter's Discount	(738,720.71)	(0.507398%)
Purchase Price	166,910,433.04	114.644160%
Accrued Interest	227,766.67	
Net Proceeds	167,138,199.71	

BOND DEBT SERVICE BREAKDOWN

Fort Bend County, Texas
 Unlimited Tax Road and Refunding Bonds, Series 2015A
 Limited Tax Refunding Bonds, Series 2015B
 FINAL NUMBERS

Date	Unlimited Tax Road and Refunding Bonds, Series 2015A	Limited Tax Refunding Bonds, Series 2015B	Total	Annual Total
09/01/2015	779,866.67	1,497,800.00	2,277,666.67	2,277,666.67
03/01/2016	2,339,800.00	2,246,700.00	4,586,500.00	
09/01/2016	1,158,100.00	2,246,700.00	3,404,800.00	7,991,300.00
03/01/2017	3,418,100.00	2,246,700.00	5,664,800.00	
09/01/2017	1,101,600.00	2,246,700.00	3,348,300.00	9,013,100.00
03/01/2018	3,476,600.00	6,976,700.00	10,453,300.00	
09/01/2018	1,042,225.00	2,128,450.00	3,170,675.00	13,623,975.00
03/01/2019	3,537,225.00	7,098,450.00	10,635,675.00	
09/01/2019	979,850.00	2,004,200.00	2,984,050.00	13,619,725.00
03/01/2020	3,594,850.00	7,229,200.00	10,824,050.00	
09/01/2020	927,550.00	1,873,575.00	2,801,125.00	13,625,175.00
03/01/2021	3,662,550.00	7,368,575.00	11,031,125.00	
09/01/2021	859,175.00	1,736,200.00	2,595,375.00	13,626,500.00
03/01/2022	3,734,175.00	7,516,200.00	11,250,375.00	
09/01/2022	787,300.00	1,591,700.00	2,379,000.00	13,629,375.00
03/01/2023	3,807,300.00	7,666,700.00	11,474,000.00	
09/01/2023	711,800.00	1,439,825.00	2,151,625.00	13,625,625.00
03/01/2024	3,891,800.00	7,829,825.00	11,721,625.00	
09/01/2024	632,300.00	1,280,075.00	1,912,375.00	13,634,000.00
03/01/2025	3,972,300.00	7,995,075.00	11,967,375.00	
09/01/2025	548,800.00	1,112,200.00	1,661,000.00	13,628,375.00
03/01/2026	4,058,800.00	8,167,200.00	12,226,000.00	
09/01/2026	461,050.00	935,825.00	1,396,875.00	13,622,875.00
03/01/2027	4,146,050.00	8,355,825.00	12,501,875.00	
09/01/2027	368,925.00	750,325.00	1,119,250.00	13,621,125.00
03/01/2028	2,423,925.00	8,550,325.00	10,974,250.00	
09/01/2028	338,100.00	555,325.00	893,425.00	11,867,675.00
03/01/2029	2,473,100.00	8,760,325.00	11,233,425.00	
09/01/2029	295,400.00	350,200.00	645,600.00	11,879,025.00
03/01/2030	2,515,400.00	8,930,200.00	11,445,600.00	
09/01/2030	251,000.00	178,600.00	429,600.00	11,875,200.00
03/01/2031	2,566,000.00	9,108,600.00	11,674,600.00	
09/01/2031	204,700.00		204,700.00	11,879,300.00
03/01/2032	2,609,700.00		2,609,700.00	
09/01/2032	156,600.00		156,600.00	2,766,300.00
03/01/2033	2,661,600.00		2,661,600.00	
09/01/2033	106,500.00		106,500.00	2,768,100.00
03/01/2034	2,716,500.00		2,716,500.00	
09/01/2034	54,300.00		54,300.00	2,770,800.00
03/01/2035	2,769,300.00		2,769,300.00	2,769,300.00
	76,140,216.67	137,974,300.00	214,114,516.67	214,114,516.67

BOND SUMMARY STATISTICS

Fort Bend County, Texas
 Unlimited Tax Road and Refunding Bonds, Series 2015A
 Limited Tax Refunding Bonds, Series 2015B
 FINAL NUMBERS

Dated Date	05/01/2015
Delivery Date	05/13/2015
First Coupon	09/01/2015
Last Maturity	03/01/2035
Arbitrage Yield	2.567064%
True Interest Cost (TIC)	2.900535%
Net Interest Cost (NIC)	3.156746%
All-In TIC	2.930325%
Average Coupon	4.582538%
Average Life (years)	10.238
Weighted Average Maturity (years)	10.143
Duration of Issue (years)	8.295
Par Amount	145,590,000.00
Bond Proceeds	167,876,920.42
Total Interest	68,524,516.67
Net Interest	47,204,083.63
Total Debt Service	214,114,516.67
Maximum Annual Debt Service	13,634,000.00
Average Annual Debt Service	10,802,361.11
Underwriter's Fees (per \$1000)	
Average Takedown	4.026470
Other Fee	1.047510
Total Underwriter's Discount	5.073980
Bid Price	114.644160

Bond Component	Par Value	Price	Average Coupon	Average Life	Duration	PV of 1 bp change
Serial Bonds	145,590,000.00	115.152	4.583%	10.238	6.314	113,991.55
	145,590,000.00			10.238		113,991.55

	TIC	All-In TIC	Arbitrage Yield
Par Value	145,590,000.00	145,590,000.00	145,590,000.00
+ Accrued Interest		227,766.67	227,766.67
+ Premium (Discount)	22,059,153.75	22,059,153.75	22,059,153.75
- Underwriter's Discount	(738,720.71)	(738,720.71)	
- Cost of Issuance Expense		(473,324.58)	
- Other Amounts			
Target Value	166,910,433.04	166,664,875.13	167,876,920.42
Target Date	05/01/2015	05/13/2015	05/13/2015
Yield	2.900535%	2.930325%	2.567064%

SUMMARY OF REFUNDING RESULTS

Fort Bend County, Texas
 Unlimited Tax Road and Refunding Bonds, Series 2015A
 Limited Tax Refunding Bonds, Series 2015B
 FINAL NUMBERS

Dated Date	05/01/2015
Delivery Date	05/13/2015
Arbitrage yield	2.567064%
Escrow yield	0.572369%
Value of Negative Arbitrage	3,940,626.32
Bond Par Amount	108,225,000.00
True Interest Cost	2.799410%
Net Interest Cost	3.074238%
All-In TIC	2.829252%
Average Coupon	4.739693%
Average Life	9.711
Weighted Average Maturity	9.671
Par amount of refunded bonds	117,310,000.00
Average coupon of refunded bonds	4.779634%
Average life of refunded bonds	9.680
Remaining weighted average maturity of refunded bonds	9.680
PV of prior debt to 05/13/2015 @ 2.930325%	136,230,439.58
Net PV Savings	10,544,475.95
Percentage savings of refunded bonds	8.988557%

SAVINGS

Fort Bend County, Texas
 Unlimited Tax Road and Refunding Bonds, Series 2015A
 Limited Tax Refunding Bonds, Series 2015B
 FINAL NUMBERS

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Refunding Receipts	Refunding Net Cash Flow	Savings	Present Value to 05/13/2015 @ 2.9303246%
09/30/2015	2,806,701.88	1,239,486.88	1,567,215.00	1,741,350.00	174,135.00	1,567,215.00		(9,257.08)
09/30/2016	5,613,403.76		5,613,403.76	5,224,050.00		5,224,050.00	389,353.76	377,650.67
09/30/2017	6,823,703.76		6,823,703.76	6,242,925.00		6,242,925.00	580,778.76	548,462.59
09/30/2018	11,790,928.76		11,790,928.76	10,856,050.00		10,856,050.00	934,878.76	859,235.42
09/30/2019	11,792,178.76		11,792,178.76	10,852,175.00		10,852,175.00	940,003.76	839,286.03
09/30/2020	11,792,853.76		11,792,853.76	10,854,225.00		10,854,225.00	938,628.76	814,200.18
09/30/2021	11,795,285.01		11,795,285.01	10,855,400.00		10,855,400.00	939,885.01	792,037.96
09/30/2022	11,794,494.38		11,794,494.38	10,858,650.00		10,858,650.00	935,844.38	766,121.63
09/30/2023	11,795,817.50		11,795,817.50	10,859,025.00		10,859,025.00	936,792.50	745,025.63
09/30/2024	11,796,950.00		11,796,950.00	10,865,525.00		10,865,525.00	931,425.00	719,626.02
09/30/2025	11,792,587.50		11,792,587.50	10,857,400.00		10,857,400.00	935,187.50	701,939.67
09/30/2026	11,792,143.75		11,792,143.75	10,853,900.00		10,853,900.00	938,243.75	684,163.73
09/30/2027	11,789,737.50		11,789,737.50	10,853,775.00		10,853,775.00	935,962.50	662,940.89
09/30/2028	9,881,687.50		9,881,687.50	9,105,650.00		9,105,650.00	776,037.50	533,765.75
09/30/2029	9,884,375.00		9,884,375.00	9,110,525.00		9,110,525.00	773,850.00	517,030.50
09/30/2030	9,882,231.25		9,882,231.25	9,108,800.00		9,108,800.00	773,431.25	502,375.59
09/30/2031	9,884,306.25		9,884,306.25	9,108,600.00		9,108,600.00	775,706.25	489,870.77
	172,709,386.32	1,239,486.88	171,469,899.44	158,208,025.00	174,135.00	158,033,890.00	13,436,009.44	10,544,475.95

Savings Summary

PV of savings from cash flow	10,544,475.95
Net PV Savings	10,544,475.95

UNDERWRITING SYNDICATE

Fort Bend County, Texas
Unlimited Tax Road and Refunding Bonds, Series 2015A
Limited Tax Refunding Bonds, Series 2015B

Citigroup Global Markets Inc.	Co-Senior & Bookrunner
Loop Capital Markets LLC	Co-Senior
BOSC, Inc.	Co-Manager
Estrada Hinojosa & Co., Inc.	Co-Manager
Stifel Nicolaus & Company, Inc.	Co-Manager

Fort Bend County, Texas

Unlimited and Limited Tax Bonds New Issue Report

Ratings

New Issues

Unlimited Tax Road and Refunding Bonds, Series 2015A AA+

Limited Tax Refunding Bonds, Series 2015B AA+

Outstanding Debt

Unlimited Tax Bonds AA+

Limited Tax Bonds AA+

Limited Contract Tax Bonds AA+

Rating Outlook

Stable

New Issue Details

Sale Information: \$50,910,000 Unlimited Tax Road and Refunding Bonds, Series 2015A, and \$93,290,000 Limited Tax Refunding Bonds, Series 2015B, scheduled to sell April 13 via negotiation.

Security: The limited tax bonds are payable from a pledge of ad valorem taxes, limited to \$0.80 per \$100 taxable assessed valuation (TAV). The unlimited tax road bonds are payable from a separate, unlimited ad valorem tax pledge. No rating distinction is made between the unlimited and limited tax bonds given the wide taxing margin.

Purpose: To construct and maintain roadways as well as to refund certain maturities for economic savings and to pay issuance costs.

Final Maturity: Series 2015A: March 1, 2035; series 2015B: March 1, 2031.

Key Rating Drivers

Strong Financial Position: Fort Bend County's prudent fiscal practices are evident in the consistent maintenance of strong financial reserves despite growth-related spending pressures while annually investing a significant portion in pay-as-you-go capital projects. Property taxes comprise over three-fourths of the county's general fund resources, providing a level of stability to the county's financial profile and budgeting efforts.

Above-Average Economy, Demographics: The county is part of the broad Houston metropolitan service area (MSA) economy, which continues to outpace the nation in job and income growth due to a strong energy sector and diversification in other sectors. The county's own economy continues to expand and diversify, although Fitch believes both the local and regional economies remain vulnerable to energy price change. County income and educational attainment metrics are well above those of the MSA, state, and nation.

Tax Base Expansion: Taxable assessed valuation (TAV) performance continues to strengthen after a relatively short period of sluggish to modestly declining TAV over the recession. Fitch believes some further TAV growth is likely in the near-term given development underway or planned. Gains in the county's diverse tax base are due largely to significant residential development in the county, which has been bolstered by the county's continued, active efforts to expand its transportation corridors.

High Debt; Liabilities Manageable: Overall debt levels are high, reflective of the area's growth-related capital needs. Nonetheless, voters continue to consistently support county management's bond and capital priorities at strong approval rates. Capital needs appear to be manageable and carrying costs are moderate due in part to the below-average pace of principal amortization of the county's direct debt. The pension's funded position is satisfactory.

Rating Sensitivities

Shift in Fundamentals: The rating is sensitive to shifts in fundamental credit characteristics including conservative fiscal management practices. Significant financial flexibility helps to largely mitigate Fitch's concerns regarding the high debt levels. The Stable Rating Outlook reflects Fitch's expectation that such shifts are unlikely over the near term.

Related Research

Fitch Affirms Fort Bend County, TX's \$75.8MM Sr. Lien Toll Road Revs at 'A+'; Outlook Stable (March 2015)
Fort Bend Independent School District, Texas (May 2014)

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Rating History

Rating	Action	Outlook/ Watch	Date
AA+	Affirmed	Stable	4/8/15
AA+	Affirmed	Stable	2/28/14
AA+	Affirmed	Stable	7/16/12
AA+	Affirmed	Stable	5/22/12
AA+	Assigned	Stable	3/28/12

Credit Profile

Fort Bend County has been one of the fastest growing counties in the state and nation. Currently estimated at nearly 678,000 residents, the county's population has grown at a rapid 5% annual average since 2000. Expansion has been fueled by its location within the growing and diverse Houston metropolitan economy as well as the availability of ample land and housing that continues to further develop the county's own economy and employment base.

Part of Regional Houston MSA Economy

The county's own economic base has grown significantly within the past decade, bolstered by the county's ongoing, active efforts to expand its roadways. Substantial population gains and residential development have resulted in expanding retail and commercial sectors. The county's unemployment rate of 4.1% in January 2015 is down year-over-year and comfortably below the state (4.6%) and the nation (6.1%) for the same period. This is despite strong 4.5% year-over-year labor force growth. Wealth and educational attainment levels remain notably higher than those for the Houston MSA, state, and nation.

The Houston MSA economy made a robust post-recessionary recovery due in part to the strength of the energy sector. However, Fitch believes the recent plunge in oil prices is likely to dampen the pace of growth over the near term. As it is one of the state's petrochemical centers, lower energy prices may serve as a partial offset to any economic softening (see Fitch press release, "Oil Price Decline Likely to Have Targeted Effect on Local Texas Economies and Revenues," dated Jan. 13, 2015 and available at fitchratings.com).

Further Tax Base Expansion

The county's tax base has historically realized double-digit annual gains in line with rapid population expansion. Recessionary economic pressures saw TAV turn sluggish to modestly declining, although the full effect of the recession on the county's tax base was relatively mild and short-lived. TAV has steadily strengthened over the three most recent fiscal years (fiscal years 2013–2015) primarily due to pent-up housing demand and associated residential development. A strong 9% gain was realized in fiscal 2015, increasing TAV to about \$45.7 billion. The county's tax base is diverse with the top 10 taxpayers comprising 4.5% of the total tax base.

Development projects underway, in addition to ample developable land, are the primary driver of management's estimates of annual TAV growth of 7% over the near term, which appears feasible, albeit slightly optimistic to Fitch. Fitch believes TAV has some sensitivity to oil prices and an overvalued housing market (see Fitch's press release, "Boom-Bust Cities Now Among Most Overvalued U.S. Housing Markets," dated March 31, 2015 and available at fitchratings.com). These factors may dampen the growth rate over the next few years.

Conservative Fiscal Stewardship Yields Strong Performance

The county's financial position and conservative fiscal stewardship are important credit strengths. Over the past six fiscal years (fiscal years 2009–2014), the county has consistently posted general fund balances above its policy to maintain a minimum of 15% of budgeted expenditures despite spending about \$124.5 million or an average of 10% of spending in pay-as-you-go capital projects during the same period. The county's total tax rate remains nominally flat and moderate at just under \$0.50 per \$100 TAV in fiscal 2015.

Related Criteria

[Tax-Supported Rating Criteria \(August 2012\)](#)

[U.S. Local Government Tax-Supported Rating Criteria \(August 2012\)](#)

Unrestricted general fund reserves were approximately \$37.0 million, or 16% of spending at fiscal 2014 year-end. Stronger revenue performance was the primary offset to the nearly \$8.0 million draw on reserves budgeted for pay-as-you-go capital spending; net results after transfers improved to roughly break-even. Liquidity remained sound at \$39.7 million or slightly over two months of general operations. The \$220.1 million fiscal 2015 general operating budget is structurally balanced and maintains the 15% reserve floor. Increased pay-as-you-go capital spending, new positions, and pay raises drove much of the 7% year-over-year budget growth that was supported in large part by additional property tax revenue. Management reports revenue and expenditures trends remain generally in line with budget and anticipate maintaining reserves in line with policy at year end.

General Fund Summary

(\$000, Audited Fiscal Years Ended Sept. 30)

	2010	2011	2012	2013	2014
Revenues	201,339	205,874	203,341	218,453	234,571
Expenditures	189,160	201,491	203,350	207,559	220,396
Operating Surplus/(Deficit)	12,179	4,383	(9)	10,894	14,175
Transfers In	5,101	5,261	363	691	10
Transfers Out	(8,463)	(8,965)	(8,386)	(10,205)	(14,067)
Net Operating Surplus/(Deficit) After Transfers	8,817	679	(8,032)	1,380	118
Total Fund Balance	43,380	44,059	36,027	37,407	37,524
As % of Expenditures, Transfers Out, and Other Uses	22.0	20.9	17.0	17.2	16.0
Unreserved/Unrestricted Fund Balance	43,269	43,923	35,744	35,895	36,928
As % of Expenditures, Transfers Out, and Other Uses	21.9	20.9	16.9	16.5	15.8

Note: Numbers may not add due to rounding.

High Overall Debt Burden Likely To Persist

Overall debt levels are high at approximately \$8,360 on a per capita basis and 10% of market value, reflective of the area's rapid growth. Fitch anticipates overall debt levels will remain elevated from continued, growth-related capital and debt needs of various local governments that likely will outpace TAV and population gains made over the near- to intermediate-term. Principal amortization of the county's outstanding direct debt is slightly below average, with 45% retired in 10 years.

Capital needs appear manageable over the near term as management has proactively addressed its general purpose facility needs with prior bond proceeds and annual pay-as-you-go funding. Fitch believes the county's historically high level of annual pay-as-you-go spending will likely slow over the intermediate term given expectations of increasing, growth-related operational spending pressures. Direct debt levels may rise as management is considering approaching voters for future bond authorization for a new judicial facility.

The refunding portion of this issuance is projected to provide fairly level annual debt service savings while the new money portion completes the 2007 bond authority for county roads. Management projects minimal tax rate impact from this new money given recent and projected TAV trends. Voters again signaled their support for additional transportation investment with strong approval of a \$185 million mobility (ULT) road bond authorization that is projected to last the county over the next several years for prioritized, non-toll road projects. Fitch expects the county will require additional debt issuance for roads periodically in the intermediate- to long-term given the area's ongoing rapid population gains.

Retiree Liabilities Well-Funded

The county's pension plan is through the Texas County and District Retirement System. The county's funded position in this agent multi-employer defined benefit plan was about 84% as of the most recent Dec. 31, 2013 actuarial valuation date; the county routinely contributes 100% of its annual required contribution (ARC). The unfunded pension liability totals \$420 million, or less than 1% of full market value with an assumed investment return rate of 7%.

The county's other post-employment benefits (OPEB) are largely associated with retirees' participation in the county's self-insured healthcare and have been funded on a pay-as-you-go basis. The actuarially determined net OPEB obligation totaled about \$190 million at fiscal 2014 year end or under 1% of full market value. Carrying costs for the county (debt service, pension, OPEB costs) totaled a moderate 14.8% of governmental spending in fiscal 2014 due in part to the below-average pace of principal amortization; they are expected to remain manageable over the near to intermediate term.

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New Issue: Moody's assigns Aa1 underlying to Fort Bend County's, TX \$50.91M Unlimited Tax Bonds, Series 2015A and \$93.29M Limited Tax Bonds Series 2015B

Global Credit Research - 06 Apr 2015

Moody's maintains Aa1 ratings on outstanding unlimited and limited tax bonds

FORT BEND (COUNTY OF) TX
Counties
TX

Moody's Rating

ISSUE	RATING
Limited Tax Refunding Bonds, Series 2015B	Aa1
Sale Amount \$93,290,000	
Expected Sale Date 04/14/15	
Rating Description General Obligation Limited Tax	
Unlimited Tax Road and Refunding Bonds, Series 2015A	Aa1
Sale Amount \$50,910,000	
Expected Sale Date 04/14/15	
Rating Description General Obligation	

Moody's Outlook NOO

NEW YORK, April 06, 2015 --Moody's Investors Service has assigned an Aa1 underlying rating to Fort Bend County's, TX, \$50.91 million Unlimited Tax Road and Refunding Bonds Series 2015A and \$93.29 million Limited Tax Refunding Bonds Series 2015B. Moody's maintains Aa1 rating on the county's outstanding unlimited and limited tax bonds.

SUMMARY RATING RATIONALE

The rating of Aa1 reflects strength in the county's sizeable tax base that has experienced accelerated annual growth since fiscal 2011, which is driven by continued residential and commercial development throughout the county. The ratings also reflect stability of the county's financial performance, below average yet adequate liquidity, and an above average debt profile with manageable pension obligation. The lack of rating distinction between the unlimited and limited tax bonds reflects the ample taxing margin within the county's tax rate.

OUTLOOK

There is currently no outlook assigned.

WHAT COULD MAKE THE RATING GO UP

- Trend of operating surpluses that increase and sustain General Fund liquidity at high levels
- Significant decline in county debt profile

WHAT COULD MAKE THE RATING GO DOWN

- Weakness in financial performance leading to erosion of reserve levels

- Trend of significant taxable value losses
- Significant additional borrowing

STRENGTHS

- Large diverse tax base that continues to grow
- Strong socioeconomic profile
- Stable financial performance

CHALLENGES

- Above average debt profile
- Below average liquidity

RECENT DEVELOPMENTS

Recent developments are incorporated in the detailed rating rationale.

DETAILED RATING RATIONALE

REVENUE GENERATING BASE: SIZEABLE TAX BASE NEAR HOUSTON REMAINS STRONG

We believe growth in the county's sizeable tax base will remain strong in the near-term given ongoing development in and around the county. Fort Bend County is located in southeast Texas near Harris County (Aaa/Stable outlook) and the City of Houston (Aa2/Stable). The county, with an estimated population of 677,770, is 886 square miles and home to the cities of Sugar Land (Aa1) and Rosenberg (Aa3). Over the last four fiscal years, growth in the county's total taxable values have accelerated to reflect 8.9% growth for fiscal 2015 over the previous year. The county's tax base is sizeable at \$45.72 billion for fiscal 2015 and reflective of continued growth in and around the Houston metro area. The county's tax base is relatively diverse. For fiscal 2015 66.4% of the base was categorized as single-family residential properties while 13.4% was categorized as commercial and industrial properties. The county's top ten taxpayers make up a modest 4.5% of the county's total tax base and include several utilities and shopping malls. Major employers in the county include the two largest school districts, Fort Bend ISD (GO rated Aa2) and Lamar CISD (GO rated Aa2), as well as Fluor Corporation (A3 / Stable outlook) which is one of the world's largest publicly traded engineering, procurement, construction, maintenance, and project management companies. The county also acts as a home for several hospitals, a state prison, a large special education school, and various manufacturers. United Parcel Service also has a large package distribution site in the county that employs 924 people. Officials report development continues throughout the county, especially in locations near the Grand Parkway corridor. Regional mobility and transportation projects continue throughout the county, which officials are hopeful will promote ease of transit throughout area.

The American Community Survey data indicates above average wealth levels, evidenced by a per capita income and median family income of 118.9% and 143.5% of national levels, respectively. The December 2014 unemployment rate for the county was a low 3.8%, which was below the state (4.1%) and national averages (5.4%) for the same time frame.

FINANCIAL OPERATIONS AND POSITION: STABLE FINANCES AND BELOW AVERAGE YET ADEQUATE LIQUIDITY

The county's financial performance remains stable. Liquidity, while below average, remain adequate and in line with the county's formal fund balance policy. The county's total General Fund balance at fiscal year-end 2014 was \$37.5 million (an adequate 16% of General Fund revenues), which remains above the county's formal Fund balance policy of maintaining 15% of expenditures in reserve. The year-end Fund balance represents a marginal \$118 thousand operating surplus, yet after a \$14 million transfer out of the Fund. In each of the last three years, total General Fund balance has remained slightly above \$36 million. Fund balance as a percent of General Fund revenues has declined slightly as the county's budget has grown from \$203 million to \$234.5 million. Fiscal 2014 General Fund revenues were mainly derived from property taxes (72.5% of total General Fund revenues), with smaller portions coming from fees and fines (14.6%) and intergovernmental revenues (9.9%). The majority of the county's expenditures were allocated to administration of justice, public safety, general administration, and health and welfare costs. The county also expended \$22.4 million for capital outlay, similar to the previous year. Officials

reports stable financial performance through fiscal 2015. The county does not anticipate any significant financial challenges in the given year, any extraordinary expenditures above and beyond what is budgeted for, and does not anticipate drawing reserve below the county's formal fund balance policy. Future credit reviews will focus on the county's ability to grow and maintain cash reserves in line with a growing budget. Further declines in the county's liquidity or total Fund balance could add negative pressure to the rating.

Liquidity

Liquidity in the county's General Fund is stable yet below average. Cash and cash equivalents in the General Fund at fiscal year-end was \$39.69 million (or 16.9% of revenues). The fiscal 2015 cash level is expected to stay in line with anticipated General Fund performance in fiscal 2015. Any decline in current liquidity could have a negative impact on the county's rating.

DEBT AND OTHER LIABILITIES: ABOVE AVERAGE DEBT BURDEN EXPECTED TO BE SUPPORTED BY TOLL REVENUES

Post-sale the county will have roughly \$611.2 million in outstanding debt. The outstanding debt profile includes \$155 million in outstanding Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax Bonds. The county's direct debt burden is average at 1.3%, which does not account for any support from toll revenues. The county's overall debt burden is high at 12.6%, which is reflective of debt issued by numerous school districts, municipalities, municipal utility districts, and other issuers of debt in the county.

Debt Structure

Total annual debt service requirements on the county's post-sale outstanding debt is projected to climb to \$51.2 million in 2021 before declining gradually throughout the life of the outstanding bonds. Debt service requirements drop off considerably in 2033 to \$13.1 million annually. All of the county's debt is expected to fully mature in 2046.

Debt-Related Derivatives

The county is not party to any VRDO or interest rate derivatives. The county also has no short term borrowing or any privately placed debt.

Pensions and OPEB

We expect the county's participation in the Texas County and County Retirement System (TCDRS) pension plan to remain manageable in the near-term and not present any near-term budgetary pressure. The county has fully funded its annual pension cost (APC) in each of the last three years. Moody's adjusted net pension liability (ANPL) for the county, under our methodology for adjusting reported pension data, is \$285 million. This liability is equal to a below average 0.85x annual operating revenues. Moody's ANPL reflects certain adjustments we make to improve comparability of reported pension liabilities. The adjustments are not intended to replace the county's reported liability information, but to improve comparability with other rated entities. For more information on Moody's insights on employee pensions and the related credit impact on companies, government, and other entities across the globe, please visit Moody's on Pensions at www.moody.com/pensions.

The county also has a rising net other post-employment benefit (OPEB) obligation. At fiscal year-end 2014 the county's net OPEB obligation was \$189.7 million. Officials continue to pay-go finance the obligation and look for future options for addressing the challenge.

MANAGEMENT AND GOVERNANCE

Texas counties have an institutional framework score of "Aaa", or very strong. Counties rely on property taxes to fund operations, and have the ability to increase revenues as all counties remain well below the state cap. Additionally, the size of the tax base, with minimal declines noted during the last recession, and recovery since then, also strengthens the stable revenue source. Expenditures, which are primarily for roads and jails, tend to be generally predictable and counties have the ability to reduce expenditures as necessary, given the lack of union presence within the state.

The county is governed by a Commissioners Court consisting of the County Judge and four commissioners, one from each of the county's designated precincts.

KEY STATISTICS

- Assessed Value (Full Value), Fiscal 2015: \$45.7 billion
- Assessed Value (Full Value) Per Capita: \$66,675
- Median Family Income as % of US Median: 143.5%
- Fund Balance as % of Revenues: 14.85%
- 5-Year Dollar Change in Fund Balance as % of Revenues: -0.31%
- Cash Balance as % of Revenues: 15.88%
- 5-Year Dollar Change in Cash Balance as % of Revenues: 1.47%
- Institutional Framework: "Aaa"
- 5-Year Average Operating Revenues / Operating Expenditures: 1.00x
- Net Direct Debt as % of Assessed Value: 1.34%
- Net Direct Debt / Operating Revenues: 2.29x
- 3-Year Average ANPL as % of Assessed Value: 0.50%
- 3-Year Average ANPL / Operating Revenues: 0.85x

OBLIGOR PROFILE

Fort Bend County is a political subdivision of the state located in southeast Texas. The county covers approximately 886 square miles and is located in the greater Houston metropolitan area. The city of Richmond is the county seat. The current population estimate for the county is 677,770.

LEGAL SECURITY

The Series 2015A Bonds are payable from the levy and collection of a direct and continuing ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the county. The Series 2015B Bonds are payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the county.

USE OF PROCEEDS

Proceeds from the sale of Series 2015A Bonds will be used for the construction, purchase, maintenance and operations of macadamized, graveled and paved roads and turnpikes, as well as to advance refund and defease certain outstanding obligations of the county. Proceeds from the sale of Series 2015B Bonds will be used to advance refund and defease certain outstanding obligation of the county.

RATING METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014. Please see the Credit Policy page on www.moody.com for a copy of this methodology.

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