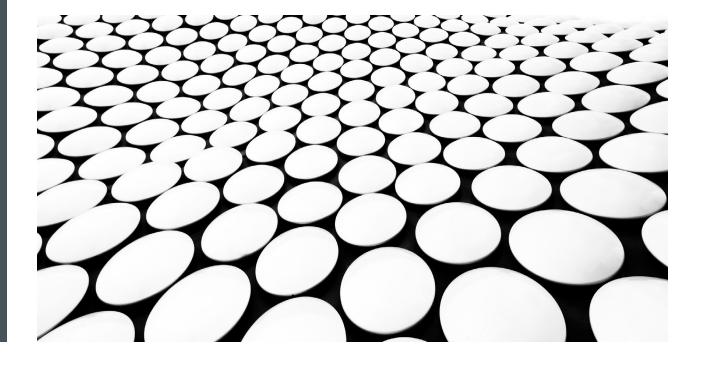
CAPITAL IMPROVEMENT PLAN

FY 2020-2025

James Colbert Jr. Superintendent
Dr. Jesus J. Amezcua, Assistant Supt for
Business

June 22, 2020





Agenda

A Capital Improvement Plan has four basic components

- 1. The need The 4 Big Projects -
- 2. The ability to issue debt -CAPACITY HCDE Financial Condition
- 3. The structure PFC, Maintenance Notes and Bonds
- 4. The market Municipal Market and the Treasury Market -



5. The implementation – The process -









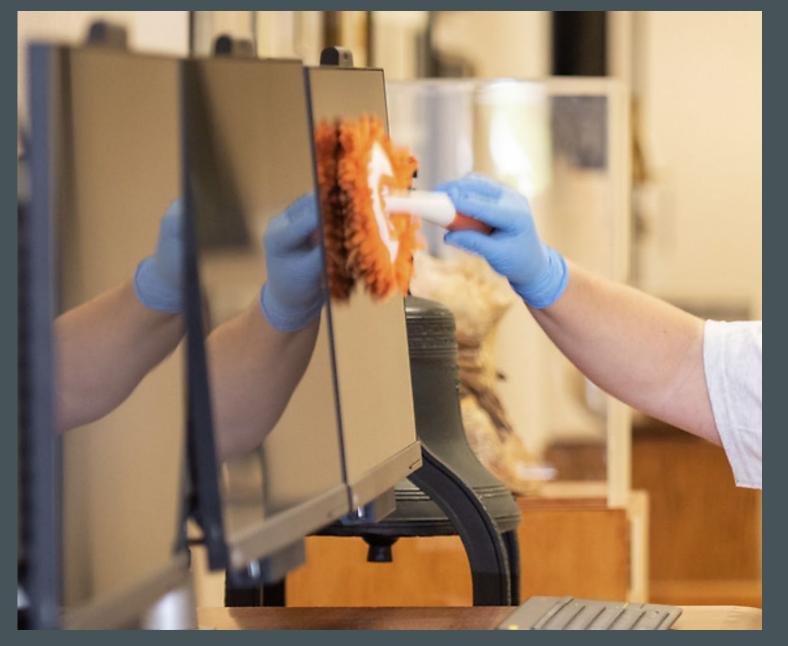








- INTERNAL **UPDATE** – WHAT IS THE HCDE'S FINANCIAL **CONDITION** AS OF MAY 31, 2020?



Excellent Cash Flow

- Excellent Equity
- Low Liabilities

Positive Business
Model

HARRIS COUNTY DEPARTMENT OF EDUCATION

INTERIM FINANCIAL REPORTS (Unaudited)
GENERAL FUNDS 100-199 BALANCE SHEET

Fiscal year to date: May 31, 2020

	_	ACTUAL
ASSETS	¢.	40 640 040
Cash and Temporary Investments	\$	40,648,242
Property Taxes-Delinquent at September 1, 2019		817,041
Less: Allowances for Uncollectible Taxes		(16,341)
Due from Federal Agencies		8,295
Other Receivables		3,144,450
Inventories		148,004
Deferred Expenditures		-
Other Prepaid Items		37,831
	TOTAL ASSETS: \$	44,787,523
LIABILITIES	_	
Accounts Payable		165,906
Bond Interest Payable		-
Due to Other Funds		_
Accrued Wages		-
Payroll Deductions		1,151,257
Due to Other Governments		1,371
Deferred Revenue		809,941
	TOTAL LIABILITIES: \$	
		2,120,470
FUND EQUITY		00 407 007
Unassigned Fund Balance		20,407,937
Non-Spendable Fund Balance		169,805
Restricted Fund Balance		-
Committed Fund Balance		2,014,976
Assigned Fund Balance		9,499,397
Excess(Deficiency) of Revenues & Other Resources		10,044,643
Over(Under) Expenditures & Other Uses		
	TOTAL FUND EQUITY: §	42,136,758
Fund Balance Appropriated Year-To-Date		522,290
rana Balanco rippropriatos rodi-ro-Bato		022,200

TOTAL LIABILITIES, FUND EQUITY, AND FUND BALANCE APPROPRIATED TO DATE: \$\\\44,787,523\$



Efficient Leve	rage Indicator	
Unassigned Fund Balance	20,407,937	48 %
Total Fund Balance	42,659,048	40 %

FEE FOR SERVICES **REVENUE IN GENERAL FUND** AS OF MAY 31, 2020

HARRIS COUNTY DEPARTMENT OF EDUCATION

INTERIM FINANCIAL REPORTS (Unaudited)

REVENUES UPDATE - FY 2020 CUSTOMER FEES/CHARGES

Fiscal year to date: May 31, 2020

			/0
	(a)	(b)	REALIZED
REVENUES-CUSTOMER FEES & CHARGES	BUDGET	YTD ACTUAL	(b)/(a)
Educ Cert & Prof Advance	409,210	74,975	18%
Business Support Services	100,000	135,373	135%
Center for Safe & Secure Schools	572,750	269,928	47%
Ctr A/S Summ & Exp Learn	86,700	71,869	83%
Department-Wide	69,000	-	0%
Facilities			
Records Management Services	1,826,425	1,119,221	61%
The Teaching and Learning Center			
Bilingual Education	85,000	31,155	37%
Digital Education and Innovation	483,919	396,341	82%
Early Childhood Winter Conference	100,000	89,850	90%
English Language Arts	155,000	80,017	52%
Math	186,150	53,755	29%
Professional Development	-	11,382	N/A
Science	91,000	11,140	12%
Social Studies	47,900	2,300	5%
Speaker Series	143,970	31,565	22%
Special Education	69,000	16,988	25%
Research & Evaluation Institute	106,688	39,750	37%
Texas Center for Grants Development	1,000	930	93%
Scholastic Arts	10,000	19,287	193%
Special Schools & Services			
Academic and Behavior School East	3,469,001	3,503,000	101%
Academic and Behavior School West	3,193,600	2,647,775	83%
Fortis Academy	196,250	275,000	140%
Highpoint East School	2,094,473	2,049,853	98%
Technology			
Technology Support Services	18,203	-	0%
School Based Therapy Services	10,033,388	8,856,978	88%
Total Revenues-Customer Fees & Charges:	\$ 23,548,627	\$ 19,788,430	84%

ANALYSIS OF FEES



THE TOP 5

Tax revenues: We have collected 95% of the levy. There are \$881,131 remaining to collect over the next 3 months. The amount of collections expected is less than \$300,000, thus leaving a potential \$500K revenue loss.

Special Schools Contract Fees

- AB East has billed 101% and summer months still pending to bill.
 HCDE will monitor its receivables in the next three months.
- AB West has billed 83% and HCDE is still to bill summer program.
 Spring Branch Contract was cancelled this year.
- Fortis Academy has billed 140%, and it is projected to bill summer program.
- HP East has billed 98% and it is projected to bill summer program.

School Based Therapy

88% of revenues have been billed. Pending additional billings.

Records Management

61% of revenues have been billed. Pending additional billings.

Choice Partners

- Transfer IN revenues are billed at 113% (60% above cost) for
- \$2,686,774 and \$311,550 above budget.

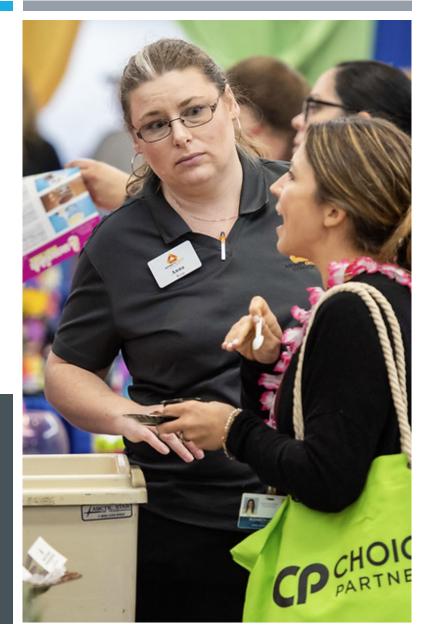
HARRIS COUNTY DEPARTMENT OF EDUCATION

Schedule 16

INTERIM FINANCIAL REPORTS (Unaudited)
CHART FOR PERFORMANCE MEASUREMENT
Fiscal year to date: May 31, 2020

BUDGET MANAGER TITLE	<u>_</u> F	Revenues	Tax Subsid	ly_		penditure and ncumbran	Та	ncludes x subsidy /ariance	w/o Tax Profit <u>Ratio</u>	Profitability Variance
Educator Certification and Professional Advancement	\$	74,975	\$ 388,2	55	\$	473,355	\$	(10,125)	-531%	\$ (398,380)
Choice Partners Cooperative		4,207,210	-		1	,684,242	2	,522,968	60%	2,522,968
Records Management		1,268,821	103,8	25	1	,421,109		(48,462)	-12%	(152,287)
School Based Therapy Services		8,856,978	-		8	,542,982		313,996	4%	313,996
Schools		8,988,006	894,5	70	9	,486,668		395,909	-6%	(498,662)

PERFORMANCE MEASURES FOR KEY DIVISIONS



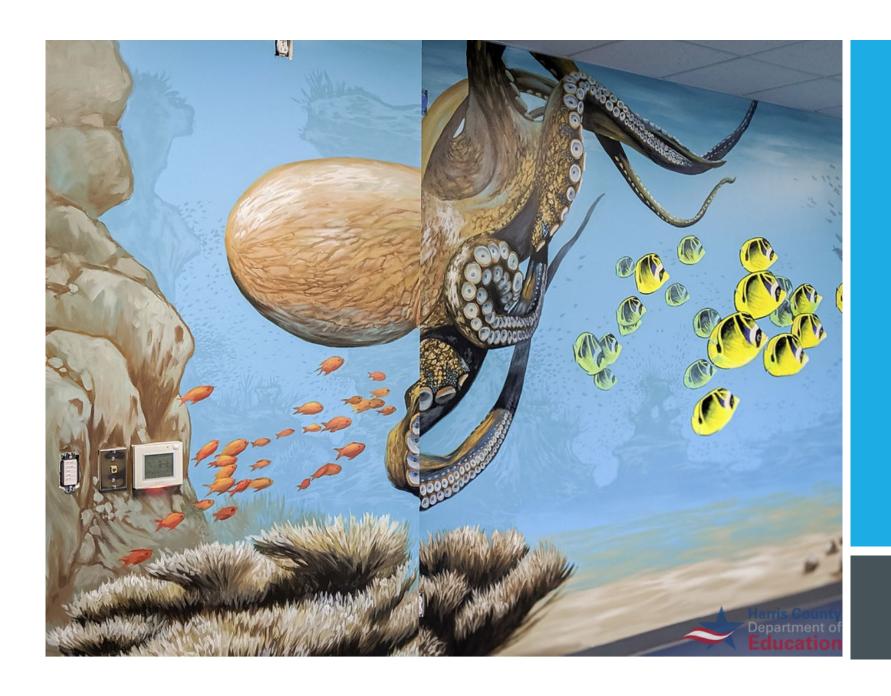
QUESTION PAUSE



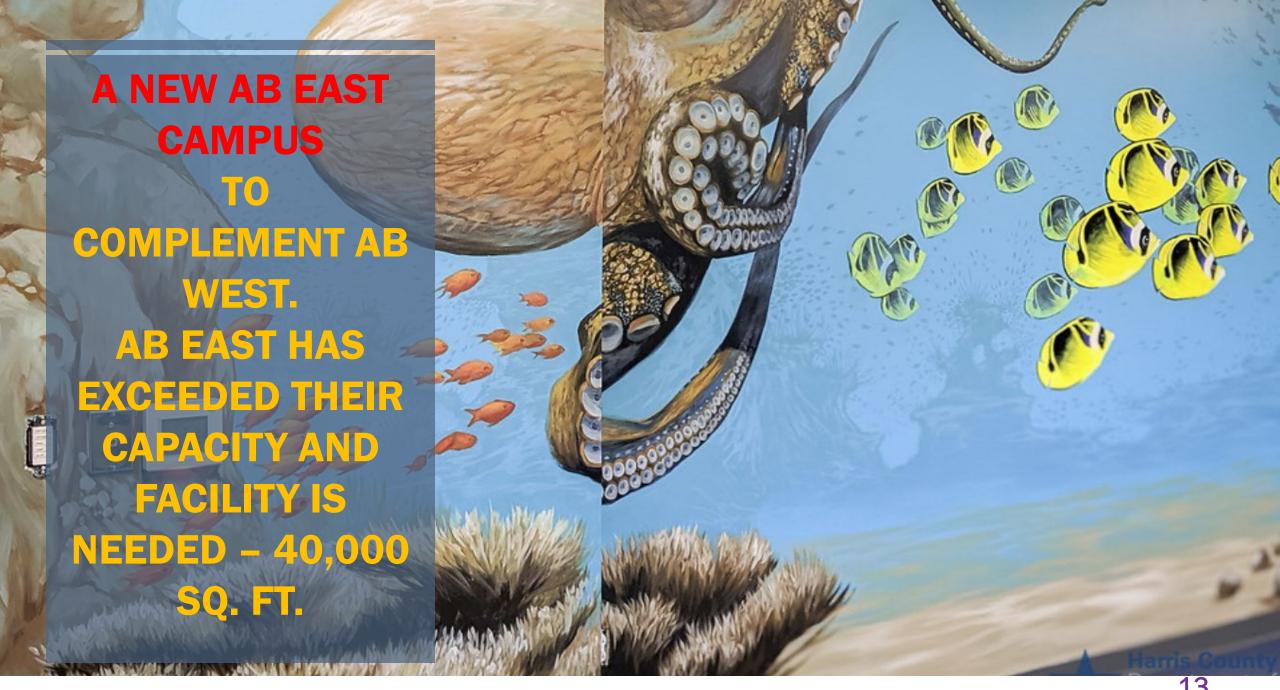
Analysis of General Fund Proje General Fund Total Fund Balance	¢cti	Audited Actual FY 17-18	Audited Actual	Original Budget	Α	s of 5 31 2020 Budget
	\$	Actual FY 17-18				Budget
	\$	FY 17-18	Actual			
	\$			Projected		Proposed
Total Fund Balance	\$		FY 18-19	FY 19-20		FY 20-21
		29,412,165	\$ 32,614,360	\$ 32,614,360	\$	32,614,360
Required & Compliance						
Inventory		(93,431)	(131,949)	(131,949)		(131,949)
Prepaid Items		(34,606)	(37,856)	(37,856)		(37,856)
Committed - Retirement Employee Leave		(500,000)	(500,000)	(100,000)		(1,000,000)
Committed - Unemployment Liability		(200,000)	(200,000)	(200,000)		(200,000)
STAR REMAGINED - NEW PROGRAM		-	-	-		(963,629)
PFC Lease BOND RESERVE				-		- (1,791,529)
Unassigned \$ Fund Balance		(17,769,755)	(20,930,182)	(18,089,446)		(18,100,000)
Committed for Maintenance- Capital Projects		(1,314,976)	(1,314,976)	(2,014,976)		
COVID 19 Potential Revenue Loss		-	-	(4,000,000)		-
AMT for DEBT SERVICE- BOND PROG.		(3,149,397)	(3,149,397)	(3,149,397)		(4,649,397)
AMT for BOND PROGRAM/REPLACEMENT ASSETS		(5,650,000)	(6,350,000)	(4,890,736)		(5,740,000)
		(28,712,165)	(32,614,360)	(32,614,360)		(32,614,360)
Fund Balance Minimum						
Avg Expenditures Needed for Fbal						
x Sept,Oct, Nov, Dec -4 months	\$	4,164,377	\$ 4,419,877	\$ 5,094,983	\$	5,785,377
	\$	16,657,506	\$ 17,679,507	\$ 20,379,931	\$	23,141,507

- THE NEED CAPITAL
PROGRAM
INCLUDES
VARIOUS
ASSUMPTIONS
FOR FY 2021





4 MAJOR PROJECTS TO REINVENT HCDE REIMAGINED



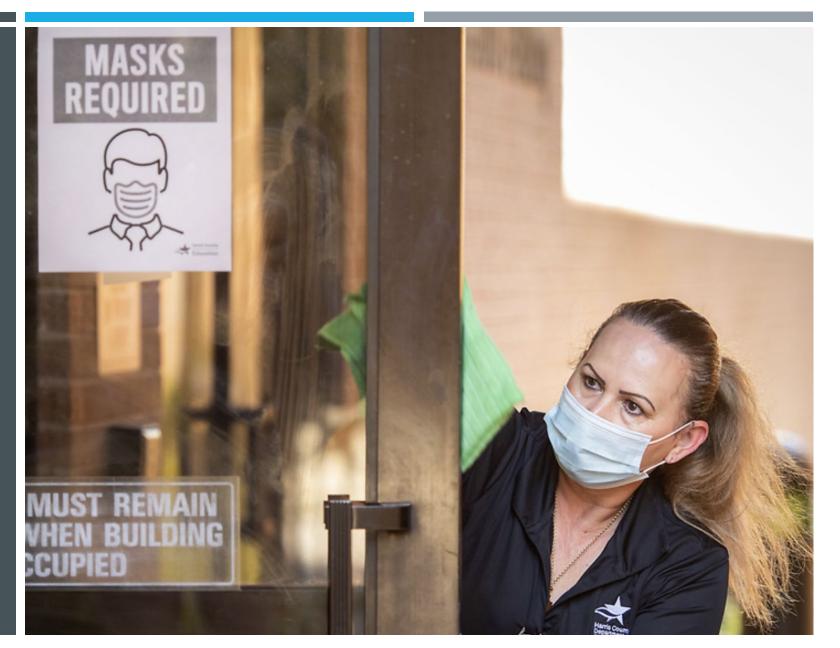


CENTER FOR
ADULT ED CLASSES
AND WORKFORCE
DEVELOPMENT
- FACILITY IS
NEEDED - 40,500
SQ. FT.



HCDE IRVINGTON REIMAGINED

- Remodeling of the Irvington building
- Over 60,000 sq.ft. to modernizeand reimagineHCDE.



CAPITAL IMPROVEMENT PLAN – PHASE ONE \$50,946,770

De	rris Cou partmen	nt of									
E	Sq Footage	Amount		Adjust Contingency Reduction		Revised	For Calc.	Revised PFC	\$ 5,000,000 Cost from HCDE	2 yrs Interest Earnings	Maint Tax Notes
Highpoint East	13,750	7,916,645	15%			7,916,645	7,916,645	4,909,645	1,870,000	47,500	1,089,500
AB East Addition	43,605	17,705,875	34%	500,000		17,205,875	17,205,875	12,943,640	2,000,000	103,235	2,159,000
Adult Ed NEW Building	40,500	17,558,750	34%	700,000		16,858,750	16,858,750	12,728,598	1,870,000	101,153	2,159,000
Admin Bdlg - Renovation	60,000	8,365,500	16%			8,365,500	8,365,500				8,365,500
AB East Addition							600,000				600,000
PHASE One		51,546,770		1,200,000		50,346,770	50,946,770	30,581,882	5,740,000	251,888	14,373,000
		Per LAN Repo	ort			600,000					
						50,946,770		50,946,770			
Workforce Development	TB Funded	3,000,000			2,000,000	1,000,000					
Equine Therapy	TB Funded	1,500,000	_		1,500,000	1,000,000					
PHASE Two		4,500,000	<u>-</u>	-	3,500,000	2,000,000	-	30,581,882	 5,740,000	251,888	14,373,000
TOTA	L	56,046,770							HCDE Proj	ections	

PROJECTED FUND BALANCE ACTIVITY

				Cannot Use	Capital Project	Bond	
				Restricted	Use	Payment Use	Unassigned Fund Balance
		Non spenda	ble	131,949			_
				37,856			
Fund Balances:				37,030			
Nonspendable:		Restricted		•			
Inventory	131,949	Committed					
Prepaid Items	37,856	Capital F	Projects		1,314,976		
Restricted:		•	•		2,02 1,070		
PFC Construction Projects Committed:	-		ent leave	500,000			
Capital Projects	1.314.976	•	oyment Liability	200,000			
Retirement Employee Leave	500,000	Assigned					
Unemployment Liability	200.000	Buildin	g and Veh Replacement		1,000,000		
Assigned:	200,000	Asset F	Replacement & Acq.		1,000,000		
Building & Vehicle Replacement Acquisition	1.000.000	Local c	onstruction		2,500,000		
Asset Replacement & Acquisition	1,000,000	QZAB I	Payment			691,129	
Local Construction	2,500,000	PFC Le	ase Payment			2,458,268	
QZAB Payment	691,129		orce Development		1,000,000		
PFC Lease Payment	2,458,268		rogram Initiative		850,000		
Workforce Development	1,000,000	Unassigned	_		030,000		20,930,183
New Program Initiative	850,000	Ollassiglieu	\sim	869,805	7,664,976	3,149,397	20,930,183
Unassigned	20,930,182		(1)	003,003	7,004,970	3,143,337	20,930,183
Total Fund Balances	32,614,360		▼		1		
-		Audited	Fund Balance 8 31 2019	32,614,360]		
			General Fund Projected Use	150,000	424,976	1,500,000	1,948,654
			Construction Projects Fund	-	5,740,000		
			Debt Service Fund (Payments)			3,149,397	
		Projected	New Fund balance 8 31 2020			0/= 10/001	18,981,529
A	Harris County Department of Education	ojesteu	General Fund Restricted	719,805			10,301,323
	marris County		General Fana Restricted	713,003	Analysis		
					•	ć 02.000.000	Mantha in Fred Dalance
	Department of				Expenditures		Months in Fund Balance
					Incl GFund and all	6,916,667	3
	Education				other grants and	(One Month)	Percent in Fund Balance
	EUUGALION				funds.		22.9%
,							





PHASE TWO

Phase Two is as follows: Scope and Funding to TBD
 Workforce Development Program \$3,000,000
 Equine Therapy \$1,500,000

LOOKING
FORWARD TO
FY 2021
ANNUAL
BUDGET



ecti	ons					As	of 5 31 2020
	Audited		Audited		Budget		Budget
	Actual		Actual		Projected		Proposed
	FY 17-18		FY 18-19		FY 19-20		FY 20-21
\$	48,459,092	\$	50,434,906	\$	53,313,386	\$	55,458,518
	2,803,104		5,805,811		2,375,224		2,927,240
	51,262,196		56,240,717		55,688,610		58,385,758
	44,202,139		47,209,425		53,024,526		55,815,929
	5,770,379		5,829,097		8,115,267		13,608,593
\$	49,972,518	\$	53,038,522	\$	61,139,793	\$	69,424,522
\$	1,289,678	\$	3,202,195	\$	(5,451,183)	\$	(11,038,764)
\$	-	\$	-	\$	5,451,183	\$	11,038,764
\$	1,289,678	\$	3,202,195	\$	-	\$	<u>-</u>
\$	20,283,705	\$	21,253,073	\$	23,577,377	\$	23,601,005
\$	2,803.104	\$	5,805.811	\$	2,750.000	\$	2,597,786
	\$ \$ \$ \$	Audited Actual FY 17-18 \$ 48,459,092 2,803,104 51,262,196 44,202,139 5,770,379 \$ 49,972,518 \$ 1,289,678 \$ 1,289,678 \$ 20,283,705	Actual FY 17-18 \$ 48,459,092 \$ 2,803,104 51,262,196 44,202,139 5,770,379 \$ 49,972,518 \$ \$ 1,289,678 \$ \$ \$ \$ 1,289,678 \$ \$ \$ \$ 20,283,705 \$	Audited Actual FY 17-18 FY 18-19 \$ 48,459,092 \$ 50,434,906 2,803,104 5,805,811 51,262,196 44,202,139 47,209,425 5,770,379 5,829,097 \$ 49,972,518 \$ 53,038,522 \$ 1,289,678 \$ 3,202,195 \$ 1,289,678 \$ 3,202,195 \$ 20,283,705 \$ 21,253,073	Audited Audited Actual Actual FY 17-18 FY 18-19 \$ 48,459,092 \$ 50,434,906 \$ 2,803,104 5,805,811 51,262,196 51,262,196 56,240,717 44,202,139 47,209,425 5,770,379 5,829,097 \$ \$ 49,972,518 \$ 53,038,522 \$ \$ 1,289,678 \$ 3,202,195 \$ \$ 1,289,678 \$ 3,202,195 \$ \$ 20,283,705 \$ 21,253,073 \$	Audited Audited Budget Actual Actual Projected FY 17-18 FY 18-19 FY 19-20 \$ 48,459,092 \$ 50,434,906 \$ 53,313,386 2,803,104 5,805,811 2,375,224 51,262,196 56,240,717 55,688,610 44,202,139 47,209,425 53,024,526 5,770,379 5,829,097 8,115,267 \$ 49,972,518 \$ 53,038,522 \$ 61,139,793 \$ 1,289,678 \$ 3,202,195 \$ (5,451,183) \$ 1,289,678 \$ 3,202,195 \$ - \$ 20,283,705 \$ 21,253,073 \$ 23,577,377	Audited Audited Budget Actual Actual Projected FY 17-18 FY 18-19 FY 19-20 \$ 48,459,092 \$ 50,434,906 \$ 53,313,386 \$ 2,803,104 5,805,811 2,375,224 2,375,224 51,262,196 56,240,717 55,688,610 44,202,139 47,209,425 53,024,526 5,770,379 5,829,097 8,115,267 \$ 49,972,518 \$ 53,038,522 \$ 61,139,793 \$ 1,289,678 \$ 3,202,195 \$ (5,451,183) \$ 1,289,678 \$ 3,202,195 \$ - \$ 20,283,705 \$ 21,253,073 \$ 23,577,377 \$ 20,283,705 \$ 21,253,073 \$ 23,577,377

QUESTION PAUSE





WE HAVE THE NEED AND THE CAPACITY – NEXT IS THE MARKET

TIMING IS EVERYTHING IN THE MARKET.

BALANCING THE IMPACTS OF COVID-19 WITH THE FINANCIAL MARKETS

ISSUES TO CONSIDER

- Disruption Containment Mitigation Reopening
- Effect on both the supply and demand side of the economy
- Policy Makers Response
- Consumer & Labor Markets
- Dislocation in financial markets



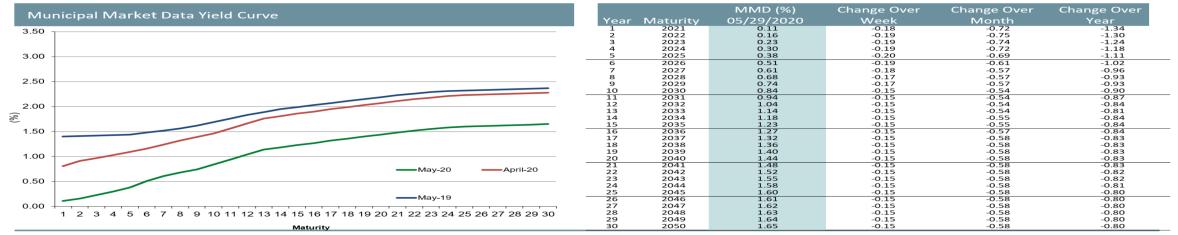
• How to navigate the markets in this current environment

- MARKET UPDATE -

BOND MARKET, TREASURY MARKET, MUNICIPAL MARKET,

Market Update

- Commentary for the week of June 1st
- Monday's MMD reflected 3-5 basis point increase in yields in 2021, 1-3 basis points increase in yields in 2022 and steady from 2023-2050. AAA MMD rates dropped for most of the month of May, but remained steady for most of last week. Benchmark yields continue to remain at historic lows on the shorter-end of the curve, while yields on the longer-end are near historic lows. Issuance for the month of May was close to \$28 billion. Municipal to U.S. Treasury ratios continue to drop, but remain attractive, forcing yields lower. According to Refinitiv Lipper, municipal bond funds saw over \$1 billion in inflows for the week ended May 27, 2020. As of last Friday, the 10-year and 30-year AAA MMD yields stood at 0.84% and 1.65%, respectively.
- U.S. equities are trading higher despite the COVID-19 uncertainties, the social unrest in various U.S. cities and U.S.-China tensions. The two main U.S. manufacturing benchmarks, PMI and ISM manufacturing index, show an improvement from April, but manufacturing still remains weak. U.S. Treasury yields are higher as investors seem to shrug off all the negative headlines and are trying to forecast the size of longer-dated bond sales.
- The primary calendar is estimated to be \$10.2 billion and is comprised of \$7.7 billion in negotiated deals and \$2.5 billion in competitive sales. Texas municipal issuance is estimated to be \$681.3 million this week. The Texas primary calendar is comprised of \$643.1 million in negotiated financings and \$38.2 million in competitive sales. Although deals are on the calendar, deals have gone "day-to-day."
- Estrada Hinojosa will participate in the following deals: a \$21.7 million Del Mar College District Limited Tax Bonds, Series 2020A issue and a \$58.1 million Del Mar College District Limited Tax Bonds, Series 2020B issue, both as Financial Advisor.



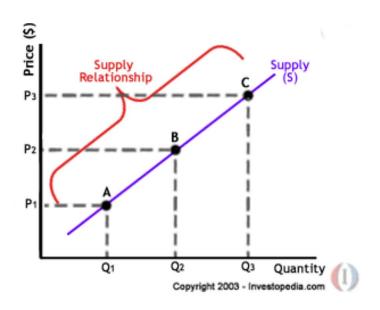
Source: * Bond Buyer
Municipal Market Data
Thomson Reuters

ESTRADA • HINOJO 25

THE LAW OF SUPPLY AND DEMAND



DEMAND FOR TREASURIES AND MUNICIPAL BONDS

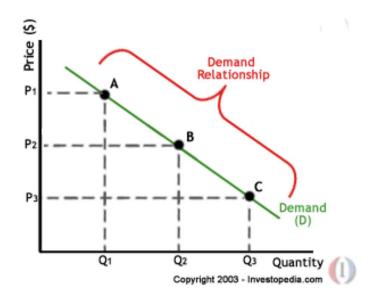


Law of Supply:

An economic law stating that as the price of a good or service increases, the quantity supplied increases, and vice versa

IN OTHER WORDS...

The law that states that as price goes up, the quantity supplied goes up (and vice versa); direct relationship



Law of Demand:

An economic law stating that as the price of a good or service increases, the quantity demanded decreases, and vice versa

IN OTHER WORDS...

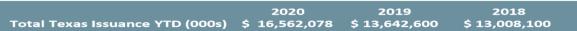
The law that states that as price goes up, the quantity demanded goes down (and vice versa); inverse relationship

MARKET SUPPLY - MOST CURRENT ISSUES -

Market Supply

Calendar	Week	of June	1 st

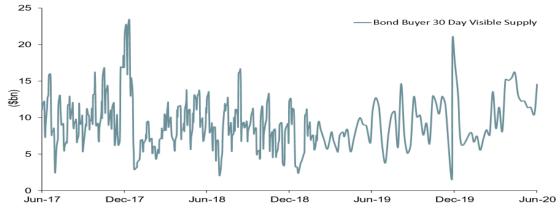
				Ratings*			
Issue Description	Pa	r Amount (\$000)	Moody's	S&P	Fitch	Kroll	
Texas Department of Housing and Community Affairs, TX - Single Family Mortgage Rev Bds, Ser. 2020A (Non- AMT)	\$	175,000	Aaa	AA+	NR	NR	
Del Mar College District, TX - Community College Bds, Ser. 2020A & Ser. 2020B	\$	79,960	Aa 2	AA	AA+	NR	
Granbury Independent School District, TX - U/L Ref Bds, Ser. 2020-A (Taxable) & Ser. 2020-B	\$	74,570	Aaa	AAA	NR	NR	
New Hope Cultural Education Facilities Fin Corp, TX - Education Rev Bds, Ser. 2020A-2020B (Taxable)	\$	71,480	Ba2	NR	NR	NR	
Elsa Medical Facility Fin Corp, TX - First Mortgage Rev Bds, Ser. 2020A - 2020B (Taxable)	\$	61,070	NR	NR	NR	NR	
Socorro Independent School District, TX - U/L Tax Ref Bds, Ser. 2020C (Taxable)	\$	40,085	Aaa	NR	AAA	NR	
Fort Bend Co LID # 15, TX - U/L Tax Ref Bds, Ser. 2020 and U/L Tax Road Ref Bds, Ser. 2020	\$	21,885	A1	NR	NR	NR	
Whitney Independent School District, TX - U/L Tax Ref Bds, Ser. 2020	\$	19,760	NR	AAA	NR	NR	
City of Lavon, TX - GO Ref Bds, Ser. 2020 and Comb Tax & Ltd Surplus Rev C/O Ser 2020	\$	16,875	NR	AA-	NR	NR	
Stephenville Independent School District, TX - U/L Tax Ref Bds, Taxable Ser. 2020	\$	13,975	NR	AAA	NR	NR	
Texas Top 9 Total Texas Supply	\$	574,660					
Texas Total Texas Weekly Supply	\$	643,120					





^{**}Source: The Bond Buyer



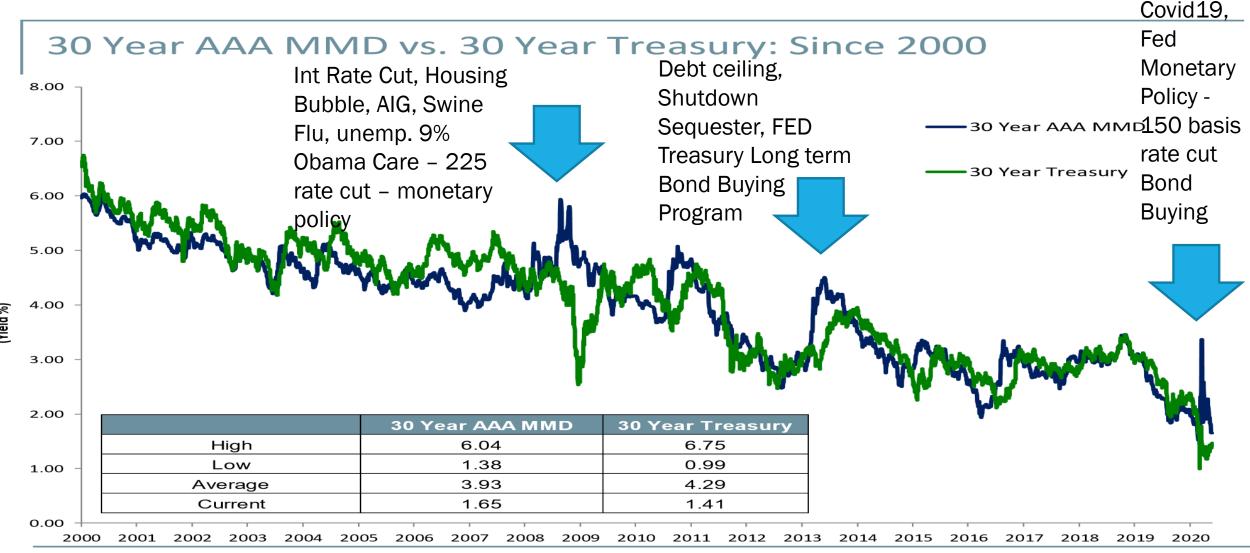






^{***}Source: Bloomberg

TREASURIES VERSUS MUNICIPAL BONDS



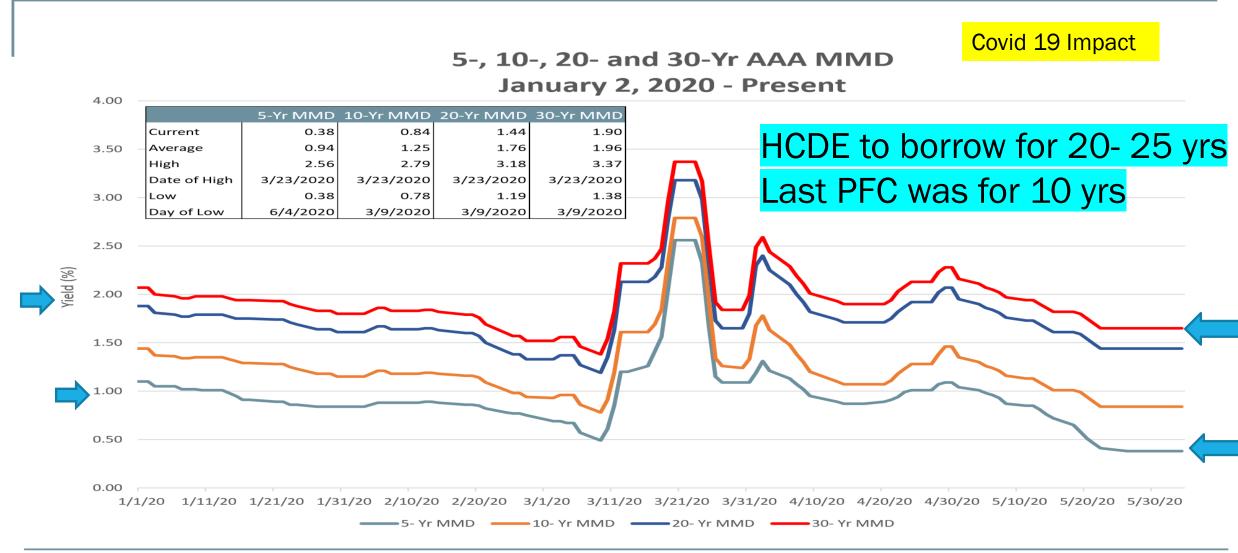
Source: Thomson Reuters & Bloomberg

Credit Ratings – S&P, Fitch & Moody's

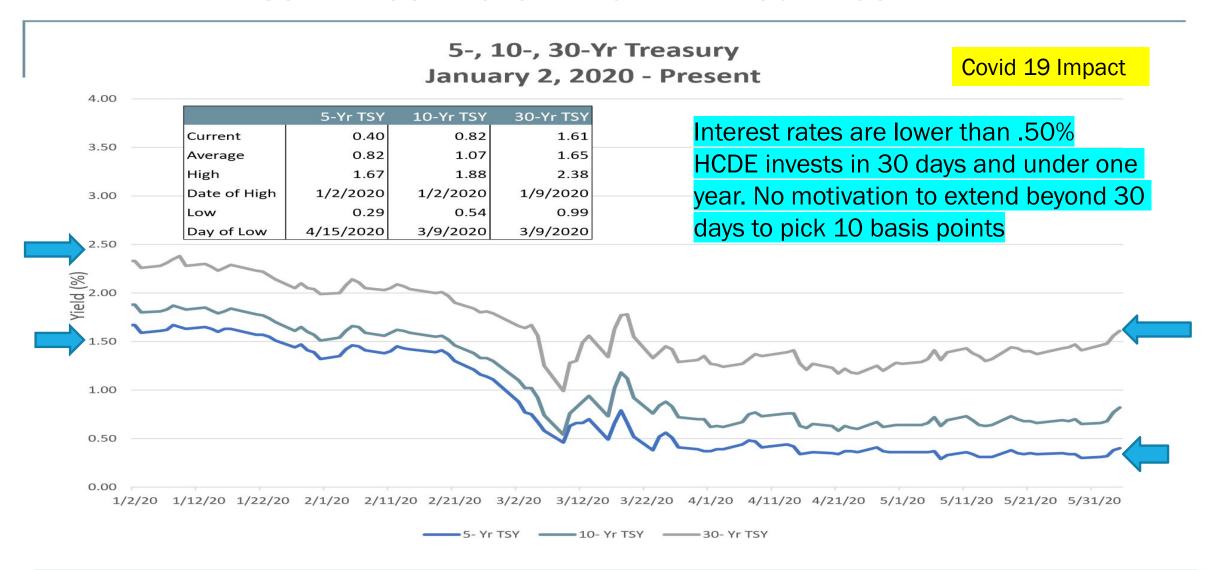
	S&P	Fitch	Moody's	
	AAA	AAA	Aaa	
High Grade	AA+	AA+	Aa1	
	AA	AA	Aa2	
	AA-	AA-	Aa3	
	A+	A+	A1	
Upper Medium Grade	А	А	A2	
	A-	A-	А3	
Lower Medium Grade	BBB+	BBB+	Baa1	
	ВВВ	BBB	Baa2	
	BBB-	BBB-	Baa2	Investment Grade

CREDIT RATING FOR HCDE - LAST TIME -> AA AND AA2

MATURITIES OF AAA MMD - MUNICIPALS



US TREASURIES 5 YR 10 YR AND 30 YR CURVE



POLICY MAKERS RESPONSE TO COVID19 CRISIS

POLICY MAKERS RESPONSE

Fiscal Policy: \$2.8 Trillion:

- Coronavirus Preparedness and Response Supplemental Appropriations - \$8.3 Billion
- Families First Coronavirus Response Act (FFCRA) \$3.4 Billion
- Coronavirus Aid, Relief, and Economic Security Act (CARES) -\$2.3 Trillion
- Supplement to PPP \$484 Billion

Monetary Policy:

- Policy Rate cuts of 150 basis point
- Provided Liquidity Expanded Repo operations
- QE buying asset & setting up liquidity facilities

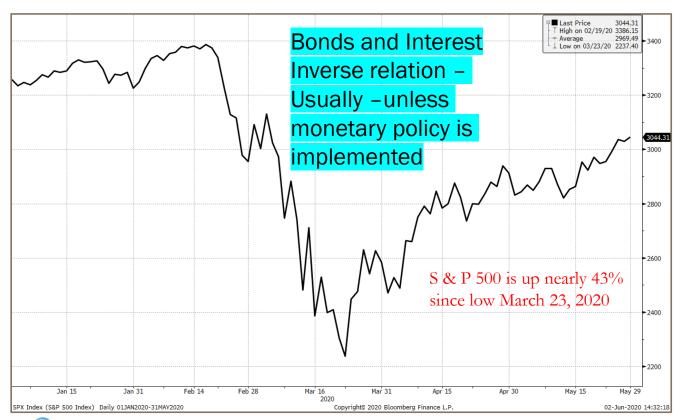


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This presentation is for Institutional Investors Only – Not for Public Distribution

S&P 500 IMPACT

S&P 500 PRICE SINCE JANUARY 1, 2020





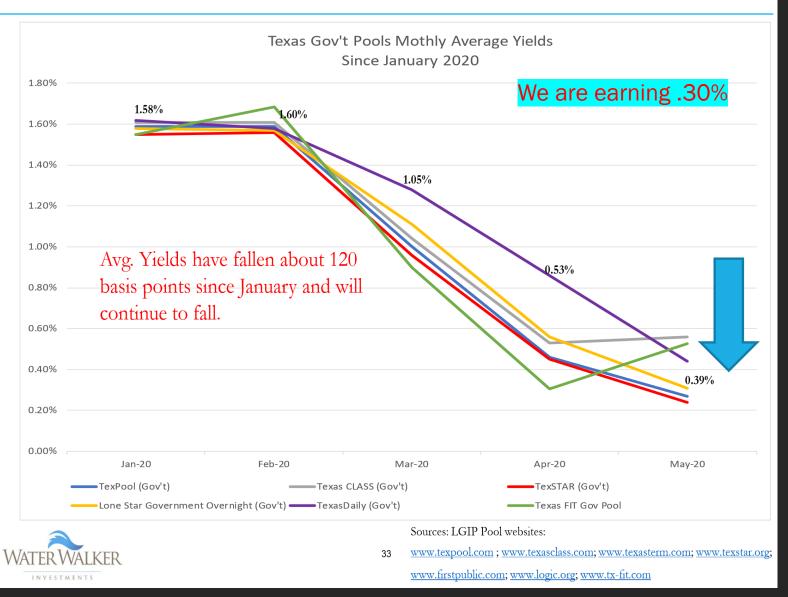
20 Source: Bloomberg

This presentation is for Institutional Investors Only - Not for Public Distribution

Covid 19 Impact

IMPACT ON INVESTMENTS

IMPACT ON GOV'T POOLS (LGIPS)



QUESTION PAUSE



NEED (CK) CAPACITY (CK), MARKET (CK) - STRUCTURE

- HCDE does not have an interest and sinking tax rate.
- All funds used to pay debt come from current revenues and local taxes.
- Maintenance Notes are designed to be paid from local taxes and subject to a 20 yr. max.
- Maintenance notes are also used to purchase equipment, furniture, improvements, renovations, and services associated with operating expenses.
- Public Facility Corporation Revenue Bonds are issued for new projects as well as other maintenance needs. However, the maturity can be extended beyond 20 years. This type of financing is guaranteed by current revenues (i.e. fee for service revenues such as Special Schools, Therapy, Records Management and others. This type of bond is generally about 50 to 75 basis more expensive than maintenance notes due to higher credit risk).

\$14,373,000 MAINTENANCE NOTES

- For Irvington Project renovation -
- For equipment, furniture and capital needs for three other projects.



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SAMPLE MAINTENANCE NOTES

BOND PRICING

draft

Harris County Department of Education Maintenance Tax Notes, Series 2020

	Maturity					Yield to	Premium
Bond Component	Date	Amount	Rate	Yield	Price	Maturity	(-Discount)
Bond Component:							
-	02/15/2027	675,000	4.000%	1.040%	118.211		122,924.25
	02/15/2028	705,000	4.000%	1.170%	119.939		140,569.95
	02/15/2029	730,000	4.000%	1.290%	121.446		156,555.80
	02/15/2030	760,000	4.000%	1.440%	122.374		170,042.40
	02/15/2031	790,000	4.000%	1.590%	120.911 C	1.783%	165,196.90
	02/15/2032	825,000	4.000%	1.740%	119.470 C	2.070%	160,627.50
	02/15/2033	860,000	4.000%	1.840%	118.520 C	2.274%	159,272.00
	02/15/2034	895,000	4.000%	1.880%	118.142 C	2.405%	162,370.90
	02/15/2035	930,000	4.000%	1.930%	117.672 C	2.526%	164,349.60
	02/15/2036	965,000	4.000%	1.970%	117.297 C	2.625%	166,916.05
	02/15/2037	1,005,000	4.000%	2.020%	116.831 C	2.719%	169,151.55
	02/15/2038	1,050,000	4.000%	2.060%	116.460 C	2.797%	172,830.00
	02/15/2039	1,090,000	4.000%	2.100%	116.090 C	2.867%	175,381.00
	02/15/2040	1,135,000	4.000%	2.140%	115.721 C	2.931%	178,433.35
		12,415,000					2,264,621.25

PFC BOND FOR

\$30,581,882

- A PFC requires a financial advisor, bond counsel, real estate attorney, and underwriters.
- A PFC is a lease between the PFC and HCDE.
- A PFC requires a 60 Day Public Notice.
- A PFC requires title to the property.
- A PFC Bond requires

 approval by PFC and the
 HCDE Board as well.

 Often called double appropriation.



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SAMPLE PFC BOND

BOND PRICING

draft

Harris County Department of Education Lease Revenue Bonds, Series 2020

	Maturity					Yield to	Premium
Bond Component	Date	Amount	Rate	Yield	Price	Maturity	(-Discount)
Bond Component:							
•	02/15/2024	655,000	4.000%	0.970%	110.035		65,729.25
	02/15/2025	675,000	4.000%	1.050%	112.581		84,921.75
	02/15/2026	715,000	4.000%	1.200%	114.531		103,896.65
	02/15/2027	830,000	4.000%	1.310%	116.399		136,111.70
	02/15/2028	860,000	4.000%	1.390%	118.233		156,803.80
	02/15/2029	900,000	4.000%	1.510%	119.518		175,662.00
	02/15/2030	935,000	4.000%	1.660%	118.224 C	1.871%	170,394.40
	02/15/2031	975,000	4.000%	1.760%	117.370 C	2.125%	169,357.50
	02/15/2032	1,010,000	4.000%	1.860%	116.523 C	2.337%	166,882.30
	02/15/2033	1,050,000	4.000%	2.010%	115.266 C	2.553%	160,293.00
	02/15/2034	1,095,000	4.000%	2.100%	114.520 C	2.699%	158,994.00
	02/15/2035	1,140,000	4.000%	2.200%	113.697 C	2.833%	156,145.80
	02/15/2036	1,190,000	4.000%	2.290%	112.962 C	2.945%	154,247.80
	02/15/2037	1,240,000	4.000%	2.390%	112.152 C	3.051%	150,684.80
	02/15/2038	1,285,000	4.000%	2.430%	111.830 C	3.113%	152,015.50
	02/15/2039	1,340,000	4.000%	2.470%	111.509 C	3.169%	154,220.60
	02/15/2040	1,395,000	4.000%	2.510%	111.189 C	3.219%	156,086.55
	02/15/2041	1,925,000	4.000%	2.550%	110.870 C	3.265%	209,247.50
	02/15/2042	2,000,000	4.000%	2.560%	110.790 C	3.293%	215,800.00
	02/15/2043	2,085,000	4.000%	2.570%	110.711 C	3.318%	223,324.35
	02/15/2044	2,170,000	4.000%	2.650%	110.077 C	3.373%	218,670.90
	02/15/2045	2,260,000	4.000%	2.700%	109.683 C	3.412%	218,835.80
		27,730,000					3,558,325.95

DISTRICT CONTRIBUTION FOR \$5,740,000 AND \$251,888 FOR INT. EARNINGS

- Fund Balance is available for capital projects
- Interest earnings are projected at .30%.



CAPITAL
IMPROVEMENT
PLAN - PHASE
ONE \$50,946,770
AND PHASE TWO
\$4,500,000



QUESTION PAUSE



FINANCING TIMELINE

- The PFC timeline is as follows:
- June FeasibilityCommittee
- June Board Update
- July Feasibility CommitteeUpdate
- July Board Approval and Public Notice Approval
- September Negotiated Sale
- October Bond Closing



TIMELINE

ANALYSIS STARTED IN EARLY MARCH

HARRIS COUNTY DEPARTMENT OF EDUCATION

MAINTENANCE TAX NOTES, SERIES 2020

HCDE PUBLIC FACILITY CORPORATION

LEASE REVENUE BONDS, SERIES 2020

Timetable of Events

	N	IARCH			
M	T	W	Th	F	S
2	3	4	5	6	7
9	10	11	12	13	14
16	17	18	19	20	21
23	24	25	26	27	28
30	31				
		MAY			
M	T	\mathbf{W}	Th	F	S
				1	2
4	5	6	7	8	9
11	12	13	14	15	16
18	19	20	21	22	23
25	26	27	28	29	30
		JULY			
M	T	\mathbf{W}	Th	F	S
		1	2	3	4
6	7	8	9	10	11
13	14	15	16	17	18
20	21	22	23	24	25
27	28	29	30	31	

			APRIL		
S	M	T	W	Th	F
			1	2	3
5	6	7	8	9	10
12	13	14	15	16	17
19	20	21	22	23	24
26	27	28	29	30	
			JUNE		
S	M	T	W	Th	F
	1	2	3	4	5
7	8	9	10	11	12
14	15	16	17	18	19
21	22	23	24	25	26
28	29	30			
		A	UGUST		
S	M	T	W	Th	F
2	3	4	5	6	7
9	10	11	12	13	14
16	17	18	19	20	21
23	24	25	26	27	28
30	31				

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TIMELINE

60 DAY NOTICE REQUIRED

- Participants
- HCDE Board
- HCDE PFC
- Financial Advisor
- Bond Counsel
- Underwriter(s)

<u>Date</u>	<u>Action</u>	Responsibility
7/15	PFC Board Meeting – Approve moving forward Projects, Notes and LR Bond transactions and approval of the 60-Day Notice and other related matters	HCDE, PFC, FA, BC
7/15	HCDE Regular Board Meetings - Approve moving forward Projects, Notes and LR Bond transactions and approval of the 60-Day Notice and other related matters	HCDE, PFC, FA, BC
	Request information for the offering documents from the HCDE	FA
7/17	Publish required 60-day Notice (published on/20)	BC
7/20	Receive information from the HCDE for the offering documents	HCDE
7/30	Submit first draft of offering documents to working group	FA
7/30	Rating package to rating agency	FA
8/7	Receive comments from working group	HCDE, BC
8/11	Submit second draft of offering documents to working group	FA
8/12-13	Rating agency meeting/conference call	HCDE, FA
8/18	Comments on documents due from working group	HCDE, BC
8/20	Submit final draft of offering documents to working group	FA
8/21	Due diligence call	HCDE, FA, BC
8/27	Receive final comments from working group	HCDE, BC
8/28	Receive ratings	HCDE, FA
9/1	Print and distribute offering documents	HCDE, FA, BC 47

TIMELINE

SALE POTENTIAL CLOSING 10/22/2020

<u>Date</u>	<u>Action</u>	Responsibility
9/10	Agenda language and draft bond documents to the working group	BC
9/16	Notice – Day 60	
9/17	Bids Due – Maintenance Tax Notes and LR Bonds	FA, P
9/17	Regular Board Meetings - PFC and HCDE – adopt resolution authorizing the sale of the Maintenance Tax Notes and the Lease Revenue Bonds and approve other related matters	PFC, HCDE FA, BC
9/23	Submit final transcript to Attorney General	BC
9/24	Print and distribute final offering documents	FA
10/15	Prepare closing memorandum	FA
10/21	Pre-closing	BC, FA, P
10/22	Closing	HCDE, PFC, FA, BC, P

Financing Team Members:

HCDE- Harris County Department of Education
HCDE Public Facility Corporation

PFC - HCDE Public Facility Corporation

FA - Financial Advisor – USCA Municipal Advisors LLC
 BC - Bond Counsel – Orrick, Herrington & Sutcliffe LLP

- Purchasers – Maintenance Tax Notes: TBD, LR Bonds: TBD

Harris County Department of Education & HCDE Public Facility Corp.

Lease Revenue Bonds, Series 2020 Maintenance Tax Notes, Series 2020

\$44,954,882 in total bonds - \$5,740,000 in local funds - total \$50,946,770

Debt Service Analysis

		Lease Revenue Bonds					Maintenance Tax Notes										
Fiscal	Taxable	Interlocal	Outstanding	Outstanding	Outstanding	Total	\$ 30,581,882	Combined	DS	Outstanding	\$ 14,373,000	Combined	Tax Rate @			TOTAL	
Year	Assessed	Contract Revenues	Series 2014	Series 2015	Series 2016	Outstanding LR	Series 2020*	Lease Revenue	Coverage	Series 2009A	Series 2020*	M-Tax Note	98.00%		District	COMBINED	Tax
Ending	Valuation	Available	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	(MADS)	Debt Service	Debt Service	Debt Service	Collections	CAPI	Contribution	DEBT SERVICE	Year
2020	\$ 484,114,300,697		\$ 1,369,440			-,,		\$ 2,466,182	5.88			\$ 451,429	\$ 0.0001	\$ -	\$ -	\$ 2,917,611	2019
2021	484,114,300,697	14,490,758	1,363,900	336,849	766,864	2,467,613		3,438,163	4.21	451,429	434,525.00	885,954	0.0002	-	1,074,117	3,250,000	2020
2022	484,114,300,697	14,490,758	1,357,760	340,252	765,020	2,463,032		3,572,232	4.06	451,429	496,600.00	948,029	0.0002	-	1,270,261	3,250,000	2021
2023	484,114,300,697	14,490,758	1,351,020	343,451	763,008	2,457,479		3,566,679	4.06	451,429	496,600.00	948,029	0.0002	-	1,264,708	3,250,000	2022
2024	484,114,300,697	14,490,758	-	-	750,912	750,912	1,751,100	2,502,012	5.79	-	496,600.00	496,600	0.0001	-	-	2,998,612	2023
2025	484,114,300,697	14,490,758	-	-	758,648	758,648	-,,	2,503,148		-	496,600.00	496,600	0.0001	-	-	2,999,748	2024
2026	484,114,300,697	14,490,758	-	-	746,216	746,216		2,502,916		-	496,600.00	496,600	0.0001	-	-	2,999,516	2025
2027	484,114,300,697	14,490,758	-	-	-	-	1,840,800	1,840,800	7.87	-	1,158,100.00	1,158,100	0.0002	-	-	2,998,900	2026
2028	484,114,300,697	14,490,758	-	-	-	-	1,837,000	1,837,000	7.89	-	1,160,500.00	1,160,500	0.0002	-	-	2,997,500	2027
2029	484,114,300,697	14,490,758	-	-	-	-	1,841,800	1,841,800		-	1,156,800.00	1,156,800	0.0002	-	-	2,998,600	2028
2030	484,114,300,697	14,490,758	-	-	-	-	1,840,100	1,840,100		-	1,157,000.00	1,157,000	0.0002	-	-	2,997,100	2029
2031	484,114,300,697	14,490,758	-	-	-	-	1,841,900	1,841,900	7.87	-	1,156,000.00	1,156,000	0.0002	-	-	2,997,900	2030
2032	484,114,300,697	14,490,758	-	-	-	-	1,837,200	1,837,200	7.89	-	1,158,700.00	1,158,700	0.0002	-	-	2,995,900	2031
2033	484,114,300,697	14,490,758	-	-	-	-	1,836,000	1,836,000	7.89	-	1,160,000.00	1,160,000	0.0002	-	-	2,996,000	2032
2034	484,114,300,697	14,490,758	-	-	-	-	1,838,100	1,838,100	7.88	-	1,159,900.00	1,159,900	0.0002	-	-	2,998,000	2033
2035	484,114,300,697	14,490,758	-	-	-	-	1,838,400	1,838,400	7.88	-	1,158,400.00	1,158,400	0.0002	-	-	2,996,800	2034
2036	484,114,300,697	14,490,758	-	-	-	-	1,841,800	1,841,800	7.87	-	1,155,500.00	1,155,500	0.0002	-	-	2,997,300	2035
2037	484,114,300,697	14,490,758	-	-	-	-	1,843,200	1,843,200		-	1,156,100.00	1,156,100	0.0002	-	-	2,999,300	2036
2038	484,114,300,697	14,490,758	-	-	-	-	1,837,700	1,837,700		-	1,160,000.00	1,160,000	0.0002	-	-	2,997,700	2037
2039	484,114,300,697	14,490,758	-	-	-	-	1,840,200	1,840,200		-	1,157,200.00	1,157,200	0.0002	-	-	2,997,400	2038
2040	484,114,300,697	14,490,758	-	-	-	-	1,840,500	1,840,500		-	1,157,700.00	1,157,700	0.0002	-	-	2,998,200	2039
2041	484,114,300,697	14,490,758	-	-	-	-	2,304,100	2,304,100		-	-	-	-	-	-	2,304,100	2040
2042	484,114,300,697	14,490,758	-	-	-	-	2,300,600	2,300,600	6.30	-	-	-	-	-	-	2,300,600	2041
2043	484,114,300,697	14,490,758	-	-	-	-	2,303,900	2,303,900	6.29	-	-	-	-	-	-	2,303,900	2042
2044	484,114,300,697	14,490,758	-	-	-	-	2,303,800	2,303,800		-	-	-	-	-	-	2,303,800	2043
2045	484,114,300,697	14,490,758	-	-	-	-	2,305,200	2,305,200	-	-	-	-	-	-	-	2,305,200	2044
2046	484,114,300,697	14,490,758	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2045
2047	484,114,300,697	14,490,758	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2046
2048 Total >>	484,114,300,697	14,490,758	e 5 442 120	¢ 1 252 705	£ 214166	¢ 12.110.001	\$ 45.713.550	¢ 57 932 (21	-	¢ 1905716	¢ 10.120.425	° 20.025.141	-	-	\$ 3,600,006	\$ 75.140.000	2047
Total >>			\$ 5,442,120	\$ 1,353,795	\$ 5,314,166	\$ 12,110,081	\$ 45,713,550	\$ 57,823,631		\$ 1,805,716	\$ 19,129,425	\$ 20,935,141		-	\$ 3,609,086	\$ 75,149,686	

^{*} Project fund amounts are shown. Par amounts will be approximately \$27,550,000 (Lease Rev) and \$12,415,000 (Notes).



NET PROCEEDS

Net proceeds would be as follows:

- \$14,373,000 Maintenance Notes
- **\$30,581,882 PFC Bond**
- \$5,740,000 General Fund Contribution
- \$251,888 Interest Earnings



TENTATIVE IMPLEMENTATION

- October 2020 Closing
- July to September 2020
 Procurement of Architect and Engineers and consultants
- September 2020 Project Assignment to Architect
- October 2020 to February 2021 – Plan Design and Completion
- March 2021 to April 2021–Procurement of ConstructionProjects
- May 2021 to August 2021
 Construction Work



PROJECTED IMPACT TO OPERATING COSTS FOR THE FUTURE

Harris County Department of Education

Projected Impact of Construction Projects on Operating Budget (Annual Cost after project completion)

			Pro	ojected
	Sq Footage	(b)	Ma	int. Costs
Highpoint East Campus	13,750	\$8.35	\$	114,813
AB East Campus	43,605	8.35		364,102
Adult Ed NEW center	40,500	8.35		338,175
Admin Bdlg - Renovation	60,000	8.35		(a)

Projected Maintenance Costs

\$ 817,089

- (a) Space alredy funded.
- (b) Rate was based on Fy 21 projected budget.

WHAT IS NEXT?

- Review of information
- Publish notice
- Monitor the market
- Monitor the financial condition
- Approve the budget
- Continue with projects



QUESTIONS AND FEEDBACK?

Thank you.

- James Colbert Jr.Superintendent
- Dr. Jesus Amezcua, CPA, RTSBA,
 Assistant Supt for Business
- jamezcua@hcde-texas.org