

# CAPITAL IMPROVEMENT PLAN

**FY 2020-2025**

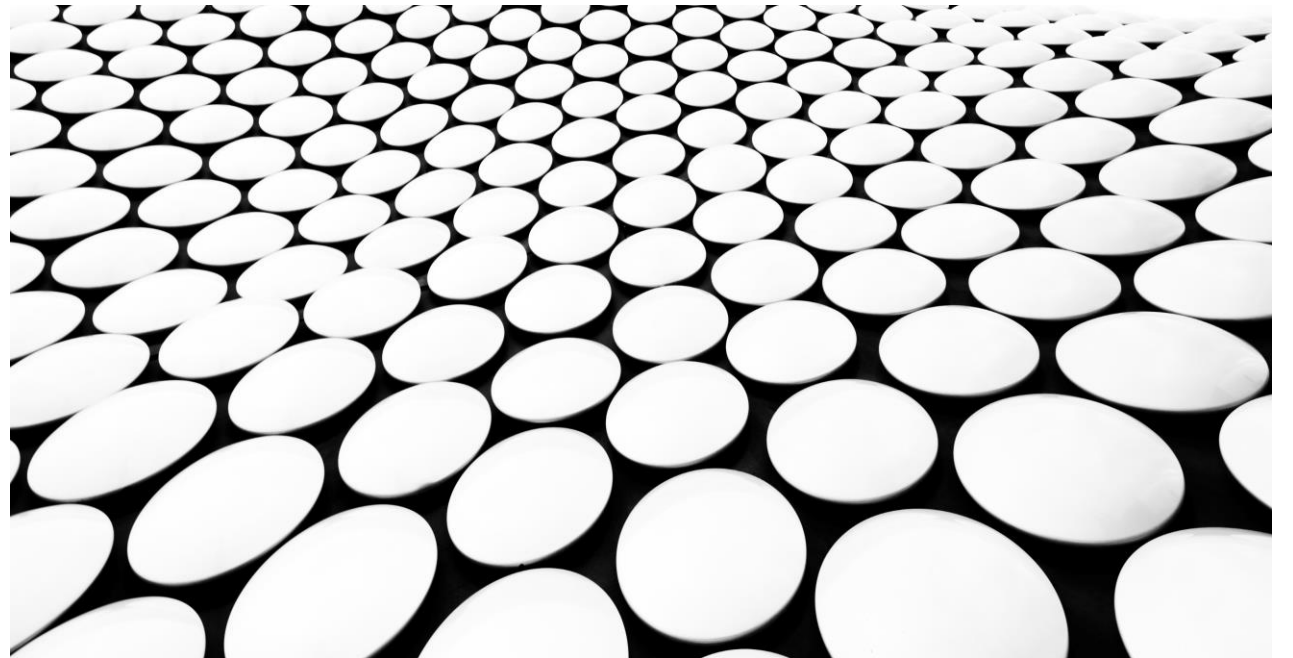
**UPDATE # 1**

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

August 3, 2020



**Harris County**  
Department of  
**Education**



# Agenda

A Capital Improvement Plan has four basic components

1. **The need – The 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 -**





ADULT EDUCATION



CASE FOR KIDS



HEAD START



SPECIAL SCHOOLS



THERAPY SERVICES

– INTERNAL  
UPDATE –  
WHAT IS THE  
HCDE'S  
FINANCIAL  
CONDITION  
AS OF JUNE 30,  
2020?



**HARRIS COUNTY DEPARTMENT OF EDUCATION**  
**INTERIM FINANCIAL REPORTS (Unaudited)**  
**GENERAL FUNDS 100-199 BALANCE SHEET**  
 Fiscal year to date: June 30, 2020

➤ **Excellent Cash Flow**

➤ **Excellent Equity**

➤ **Low Liabilities**

➤ **Positive Business Model**

**ASSETS**

	<u>ACTUAL</u>
Cash and Temporary Investments	\$ 38,710,261
Property Taxes-Delinquent at September 1, 2019	817,041
Less: Allowances for Uncollectible Taxes	(16,341)
Due from Federal Agencies	2,412
Other Receivables	2,183,673
Inventories	147,189
Deferred Expenditures	-
Other Prepaid Items	36,259
<b>TOTAL ASSETS:</b>	<b>\$ 41,880,494</b>

**LIABILITIES**

Accounts Payable	165,943
Bond Interest Payable	-
Due to Other Funds	-
Accrued Wages	-
Payroll Deductions	1,161,372
Due to Other Governments	1,371
Deferred Revenue	809,971
<b>TOTAL LIABILITIES:</b>	<b>\$ 2,138,657</b>

**FUND EQUITY**

Unassigned Fund Balance	20,407,936
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 Over(Under) Expenditures & Other Uses	7,127,433
<b>TOTAL FUND EQUITY:</b>	<b>\$ 39,219,547</b>

Fund Balance Appropriated Year-To-Date	522,290
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<b>TOTAL LIABILITIES, FUND EQUITY, AND FUND BALANCE APPROPRIATED TO DATE:</b>	<b>\$ 41,880,494</b>
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# PROJECTED ENDING AS OF 8/ 31 /2020

	Audited			Prelim Budget	As of June 2020
	2018-2019 Actual	2019-2020 Original Budget	2019-2020 Amended Budget	2019-2020 Projections	2019-2020 Projections
Beg. Fund Balance	\$ 29,412,165	\$ 25,274,875	\$ 32,614,360	\$ 32,614,360	\$ 32,614,360
Estimated Revenues	50,434,906	55,224,065	55,757,860	46,834,042	49,043,813
Appropriations	47,209,425	51,999,534	53,593,526	44,551,593	44,707,374
Total Other/Uses Net:	23,286	8,115,267	9,615,267	5,818,398	5,818,398
<b>Total Appropriations and Other Uses:</b>	<b>47,232,711</b>	<b>60,114,801</b>	<b>63,208,793</b>	<b>50,369,991</b>	<b>50,525,772</b>
<b>Net Change in Fund Balance</b>	<b>3,202,195</b>	<b>(4,890,736)</b>	<b>(7,450,933)</b>	<b>(3,535,949)</b>	<b>(1,481,959)</b>
<b>Ending Fund Balance</b>	<b>\$ 32,614,360</b>	<b>\$ 20,384,139</b>	<b>\$ 25,163,427</b>	<b>\$ 29,078,411</b>	<b>\$ 31,132,401</b>

## ANALYSIS OF **FEE REVENUES** CAPACITY TO ISSUE REVENUE BONDS

Special Schools - AB East	\$3,469,001
Special Schools – AB West	3,193,600
Special Schools – Fortis Academy	196,250
Special Schools – HP East	2,094,473
School Based Therapy	10,033,388
Available Contracts for pledge	<b>\$18,986,712</b>

## DEBT SERVICE AMOUNT

Avg Debt Service (DS) amount budgeted	\$3,000,000
Minimum required 1.5 x DS	4,500,000
Available contracts	\$18,896,712

Strategy is to maintain \$3.1M annually payment. The first three years will go up to \$250,000 and then level of at \$3.1M.

- Sum of payments received of any contracts and ISD in HC for services Plus
- Any unintended equalization of tax receipts after all M&O

Must be 150% max of P&I      \$3.6M for debt repayment in fund balance.



# Analysis of Fund Balance

## Capacity to issue bonds

Fund Balance	\$31,132,401
Projected use of fund balance in F 21-22	11,588,164
Projected Ending Fund Balance	\$ 19,544,237

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QUESTION  
PAUSE



- THE NEED -  
CAPITAL  
PROGRAM  
INCLUDES  
VARIOUS  
ASSUMPTIONS  
FOR FY 2021





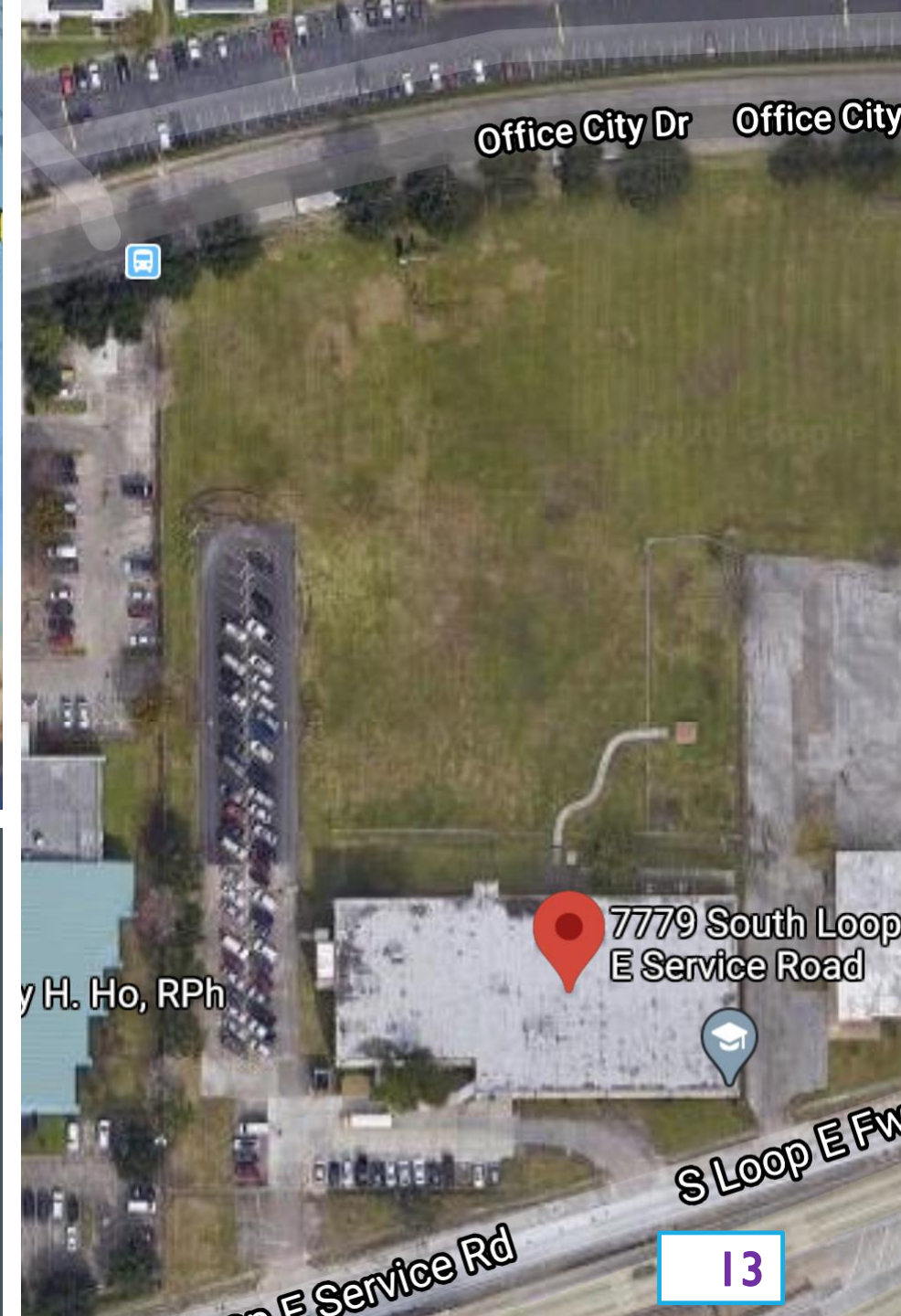
5 MAJOR  
PROJECTS TO  
REINVENT  
**HCDE**  
**REIMAGINED**

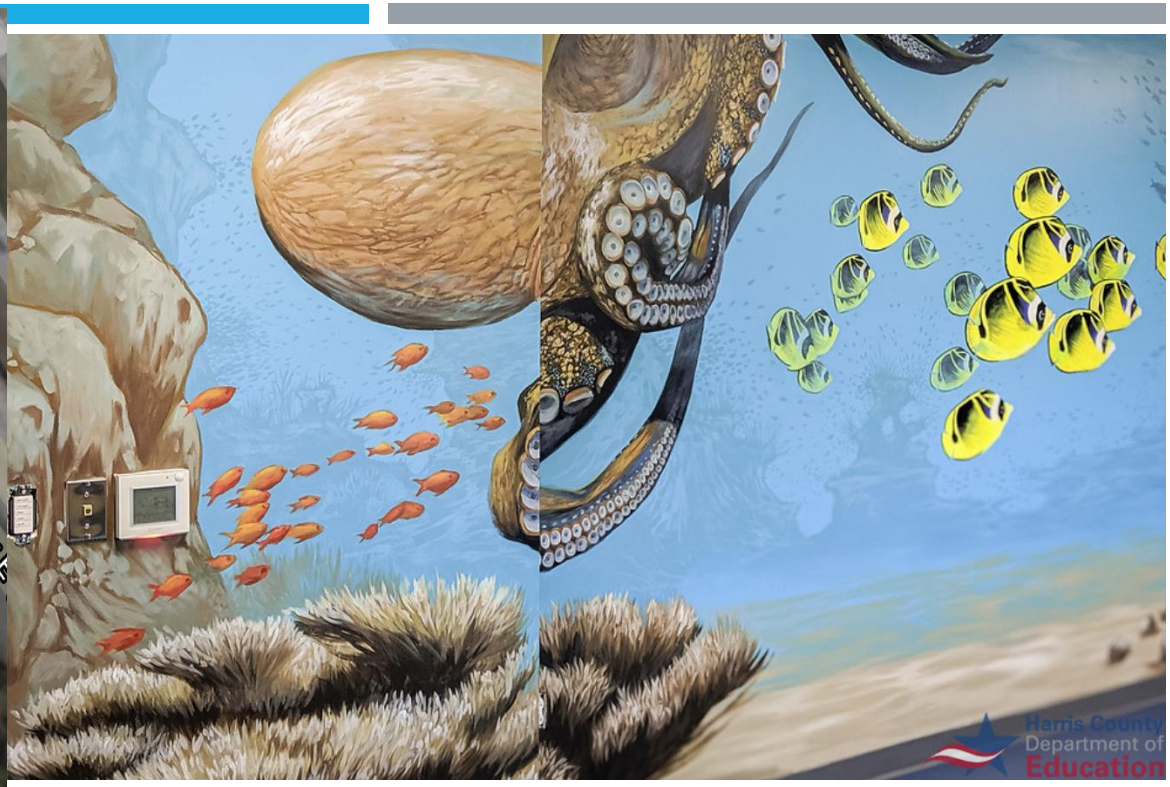
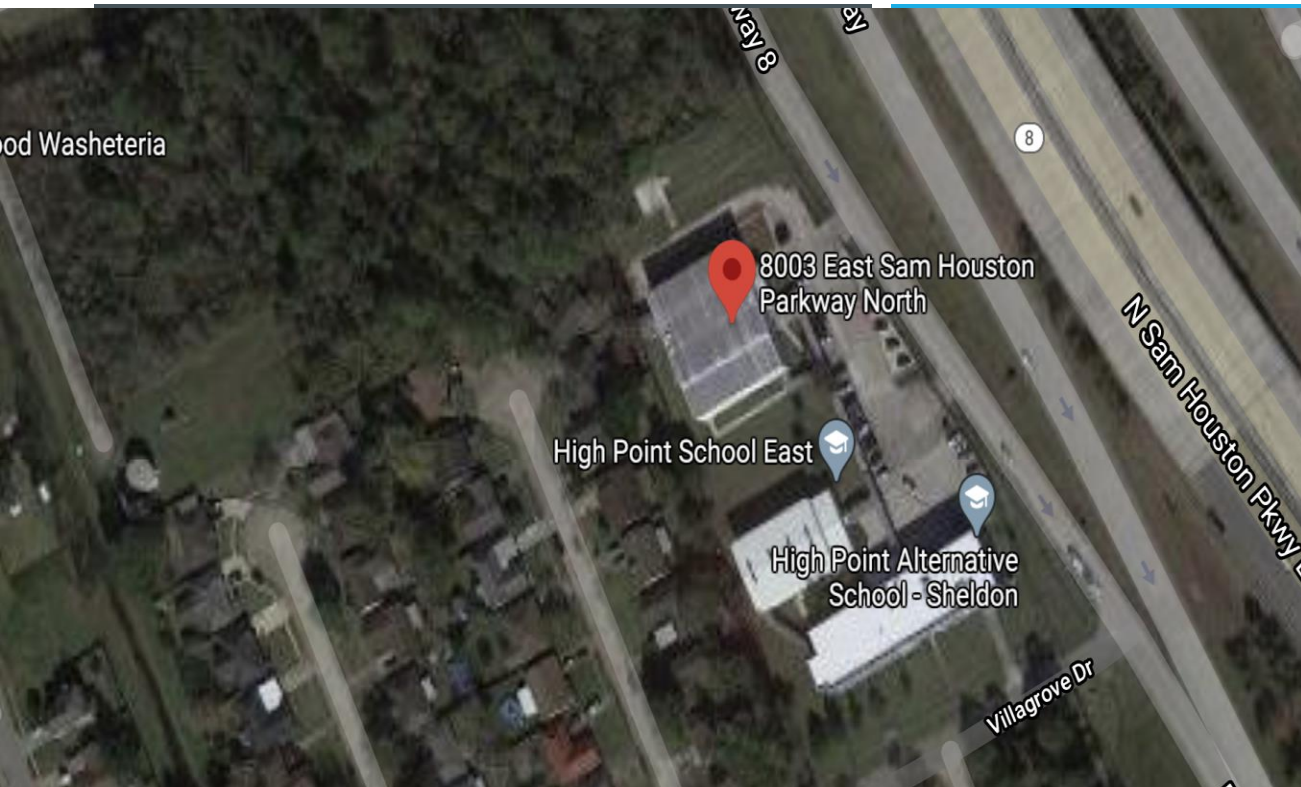


# A NEW AB EAST CAMPUS

TO COMPLEMENT AB WEST. AB EAST HAS EXCEEDED THEIR CAPACITY AND FACILITY IS NEEDED – 40,000 SQ. FEET

ADDRESS: 7703 SOUTH LOOP EAST, HOUSTON, TEXAS 77012





# A NEW HIGHPOINT EAST CAMPUS

TO PROVIDE ADEQUATE FACILITY FOR MIDDLE SCHOOL STUDENTS FACILITY NEEDED 13,750 SQ. FT.

ADDRESS: 8003 E. SAM HOUSTON PARKWAY NORTH, HOUSTON, TEXAS 77049

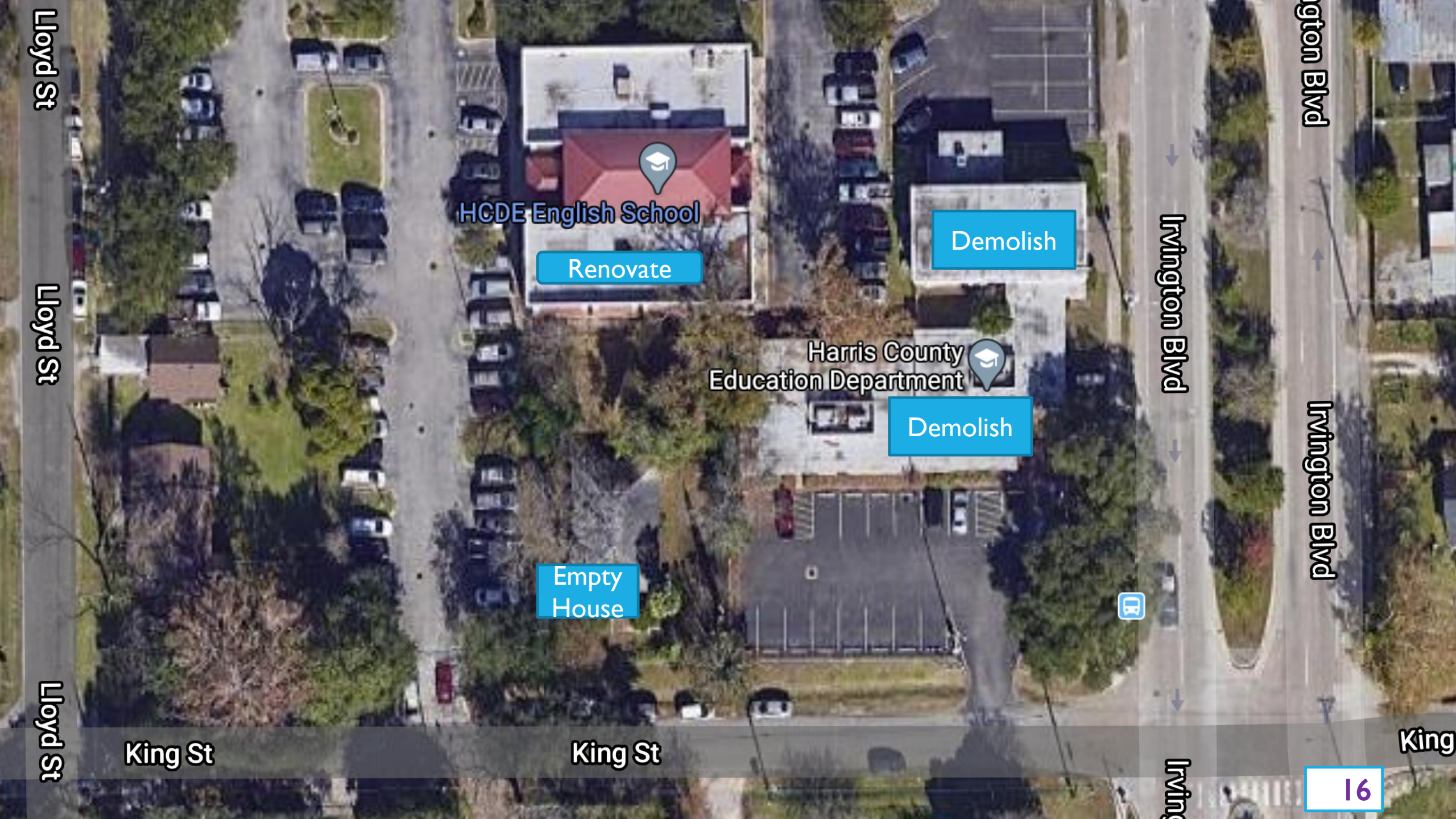


# A NEW ADULT ED CENTER

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

ADDRESSES:

6515 IRVINGTON AND  
629 KING STREET, HOUSTON, TEXAS 77022.



Lloyd St

Irvington Blvd

Lloyd St

Irvington Blvd

Lloyd St

King St

King St

Irvington Blvd

Irvington Blvd

King

HCDE English School

Renovate

Demolish

Harris County Education Department

Demolish

Empty House

E

16





REMODELING FOR  
ADULT ED BUILDING AT ADULT ED CLASSES AND WORKFORCE  
DEVELOPMENT  
- FACILITY  
\$1,500,000

626 LINDALE

## HCDE IRVINGTON REIMAGINED

- Remodeling of the Irvington building
- Over 60,000 sq. ft. to modernize and reimagine HCDE.



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



	Sq Footage	Amount	Contingency %	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
<b>PHASE One</b>		<b>51,546,770</b>		<b>1,200,000</b>	<b>50,346,770</b>	<b>50,946,770</b>	<b>30,581,882</b>	<b>5,740,000</b>	<b>251,888</b>	<b>14,373,000</b>
		Per LAN Report			600,000					
					<b>50,946,770</b>		<b>50,946,770</b>			
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				
<b>PHASE Two</b>		<b>4,500,000</b>		<b>-</b>	<b>3,500,000</b>	<b>2,000,000</b>	<b>-</b>	<b>5,740,000</b>	<b>251,888</b>	<b>14,373,000</b>
<b>TOTAL</b>		<b>56,046,770</b>						<b>HCDE Projections</b>		

# UPDATE # I CAPITAL IMPROVEMENT PLAN – PHASE ONE

**\$52,446,770**



Amount	Adjust Contingency Reduction	Revised	For Calc.	Revised PFC	\$ 5,000,000 Cost from HCDE	2 yrs Interest Earnings	Maint Tax Notes
7,916,645	15%	7,916,645	7,916,645	4,909,645	1,870,000	47,500	1,089,500
17,705,875	34% 600,000	17,105,875	17,105,875	12,943,640	2,000,000	103,235	2,159,000
17,558,750	34% 700,000	16,858,750	16,858,750	12,728,597	1,870,000	101,153	2,159,000
8,365,500	16%	8,365,500	8,365,500				8,365,500
		1,500,000	1,500,000				1,500,000
			600,000				600,000
				-			
<b>51,546,770</b>	1,300,000	51,746,770	52,346,770	<b>30,581,882</b>	5,740,000	251,888	<b>15,873,000</b>
Per LAN Report							
		51,746,770		52,446,770			
		2,000,000	1,000,000				
		1,500,000	1,000,000				
		3,500,000	2,000,000	-	5,740,000	251,888	15,873,000

## MAINTENANCE NOTE ELIGIBILITY REQUIREMENT \$15,873,000

**MUST BE: Equipment, software, hardware, renovation, furniture and capital outlay.**

- Maintenance notes are **less expensive (About 50 to 75 basis points)** because of the tax levy requirement. Thus, we want to make sure that we use as many maintenance notes as needed.
- We are using some costs that we have used in the past by passing a **Reimbursement Resolution** and use fund balance for new projects
- We are also using budgeted amounts that qualify for maintenance notes and also move them to maintenance notes **freezing up fund balance money** for new construction costs.

# REIMBURSEMENT RESOLUTION

Equipment	Equipment	Equipment	Renovation	Renovation		Total	
Adult Ed Ctr	AB East	HP East	Adult Ed	Irvington			
			<b>1,500,000</b>	<b>8,365,500</b>		<b>9,865,500</b>	
300,000	150,000	300,000				750,000	Cameras
115,000	115,000					230,000	Sensory Room Furniture- Equipment
400,000	400,000	200,000				1,000,000	Furniture
150,000	75,000	150,000				375,000	Contingency
60,000	60,000	60,000				180,000	Kitchend Equipment
	600,000					600,000	AB EAST Playground
<b>Will be paid in FY 2020 June and July</b>							
		<b>1,316,551</b>			160,781	160,781	NPO Elevator
					532,000	532,000	AB West Playground
					92,753	92,753	HP East Gym Walls
					81,017	81,017	HP East Gym Floor
					250,000	250,000	Baytown Payment
					96,000	96,000	Head Start Capital Outlay -427
					104,000	104,000	Technology
<b>FY 2020-2021 Budget</b>							
		<b>FY 20-21 BUDGET</b>			50,000	50,000	Software - SAFE SCHOOLS
		<b>419,486</b>			10,000	10,000	Color Printer - COMM
					25,000	25,000	Document Software - HR
					49,086	49,086	Digital Dashboard RESEARCH
					49,000	49,000	Video Computer Workstations -COMM
					50,000	50,000	Laptops - ADULT ED
					10,000	10,000	Liteacy Center -Software ABEAST
					10,000	10,000	Literacy Center Software AWEST
					30,000	30,000	Funda,ental Five Training Software -HP East
					122,000	122,000	Head Start Capital Outlay
					14,400	14,400	Records Envision Software -RECORDS
<b>FY 2021-2022 Budget</b>							
		<b>FY 21- 22 BUDGET</b>			258,463	258,463	Technology Software
		<b>1,136,463</b>			175,000	175,000	Head Start Capital Outlay -Kitchen and Curriculum
					703,000	703,000	Roofing NPO
610,000	1,400,000	710,000	1,500,000	8,365,500	2,872,500	<b>15,873,000</b>	

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# LOOKING FORWARD TO FY 20 21 ANNUAL BUDGET



**APPROVED  
BUDGET -\$1.5 M  
AMENDMENT  
FOR OCTOBER  
2020**



**Harris County**  
Department of  
**Education**

**PROPOSED  
Budget**



	Governmental				Proprietary		Total
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Internal Service Fund	Enterprise Fund	
<b>Estimated Revenues</b>	\$ 57,484,758	\$ 36,444,267	\$ 6,169,043	\$ 50,946,770	\$ 6,128,990	\$ 5,228,380	\$ 162,402,208
<b>Appropriations</b>	55,214,929	36,444,267	6,169,043	50,946,770	6,128,990	2,801,140	157,705,139
<b>Transfers Out</b>	13,858,593	-	-	-	-	2,927,240	16,785,833
<b>Total Appropriations and Other Uses</b>	69,073,522	36,444,267	6,169,043	50,946,770	6,128,990	5,728,380	174,490,972
<b>Appropriations from Fund Balance:</b>	(11,588,764)	-	-	-	-	(500,000)	(12,088,764)
<b>Projected Fund Balance Beg.</b>	27,163,427	-	-	2,472,835	1,461,822	1,000,000	32,098,084
<b>Projected Fund Balance End.</b>	\$ 15,574,663	\$ -	\$ -	\$ 2,472,835	\$ 1,461,822	\$ 500,000	\$ 20,009,320



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QUESTION  
PAUSE



# THE PUBLIC NOTICE

## NOTICE OF INTENTION TO ENTER INTO A CONTRACT FOR THE ACQUISITION, IMPROVEMENT, AND EQUIPMENT OF REAL PROPERTY

NOTICE IS HEREBY GIVEN that the Harris County Board of School Trustees (the “Board”) of Harris County, Texas dba the Harris County Department of Education (the “Department”) will consider approval of one or more lease/purchase contracts (collectively, the “Lease/Purchase Contract”) with the Harris County Department of Education Public Facility Corporation (the “Corporation”), each with a term not to exceed thirty (30) years, for the use or purchase or other acquisition of real property or improvements to real property, as more fully described below (the “Project”).

- The Project will be subject to a mortgage and foreclosure in the event the Department fails to make payments under the Lease/Purchase Contract. The approval of the Lease/Purchase Contract is intended to provide for the issuance by the Corporation of bonds (the “Bonds”) in an amount sufficient to provide for (i) the acquisition of land and the construction, improvement and equipment and buildings to be used for the Project, (ii) funding any necessary reserve fund, and (iii) payment of the cost of issuance of the Bonds. Title to the Project will be retained by the Corporation until the Department has made all payments due under the Lease/Purchase Contract. The Lease/Purchase Contract shall be payable from interlocal contracts (the “Interlocal Contracts”) between the Department and certain school districts located within Harris County and surplus equalization tax revenues of the Department. The Lease/Purchase Contract will be subject to (A) annual appropriations by the contracting school districts of amounts required to make the payments due under the Interlocal Contracts and (B) annual appropriations by the Department of (1) amounts received by the Department pursuant to the Interlocal Contracts and (2) surplus equalization tax revenues of the Department.

- The Project will consist of the construction of improvements and the expansion of the Department’s ABS East Campus located at 7703 South Loop East, Houston, Texas 77012, the construction of improvements and the expansion of facilities at the Department’s Highpoint Campus located at 8003 E. Sam Houston Parkway North, Houston, Texas 77049 and the construction of improvements and the expansion of facilities at the Department’s Adult Ed Center located at 6215 Irvington and 629 King Street, Houston, Texas 77022. The total cost of the Project will not exceed \$54,000,000, of which approximately \$35,000,000 will be paid with the Bonds and approximately \$19,000,000 will be paid with maintenance tax notes of the Department as well as other lawfully available revenues of the Department.

## 60 DAY NOTICE AMOUNTS

	Amount Projected	Notice Amount
PFC Revenue Bonds	\$30,581,882	\$35,000,000
Maintenance Notes	\$15,873,000	\$19,000,000

The Notice is a projection due to the uncertainty of the bond municipal & treasury market and Texas AG approval of types of project scope for revenue bonds and maintenance notes. Variables of interest, market and sustainability will determine the final numbers.

## WHAT IF?

- **The Market goes up and interest costs are higher:**

**We may need to increase the principal to do the project or reduce the project scope.**

- **The Market goes down and interest costs are lower than projected:**

**We may need to decrease the principal to do the project OR fund additional projects.**



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

TIMING IS EVERYTHING IN THE MARKET.

## ISSUES TO CONSIDER

# BALANCING THE IMPACTS OF COVID-19 WITH THE FINANCIAL MARKETS

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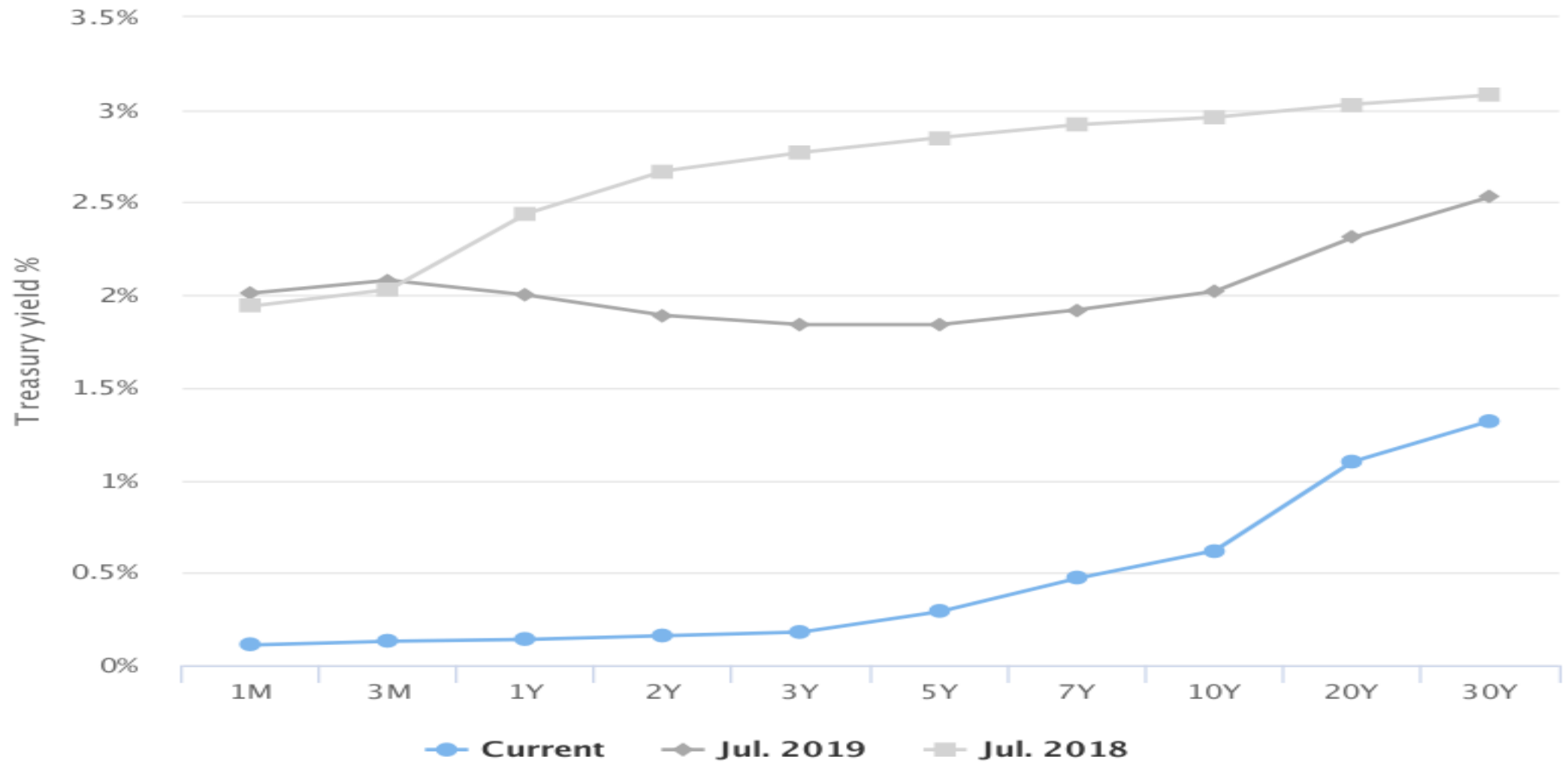
- Disruption – Containment – Mitigation - Reopening
- Effect on both the supply and demand side of the economy
- Policy Makers Response
- Consumer & Labor Markets
- Dislocation in financial markets
- How to navigate the markets in this current environment



– MARKET UPDATE –  
BOND MARKET,  
TREASURY MARKET,  
MUNICIPAL MARKET,



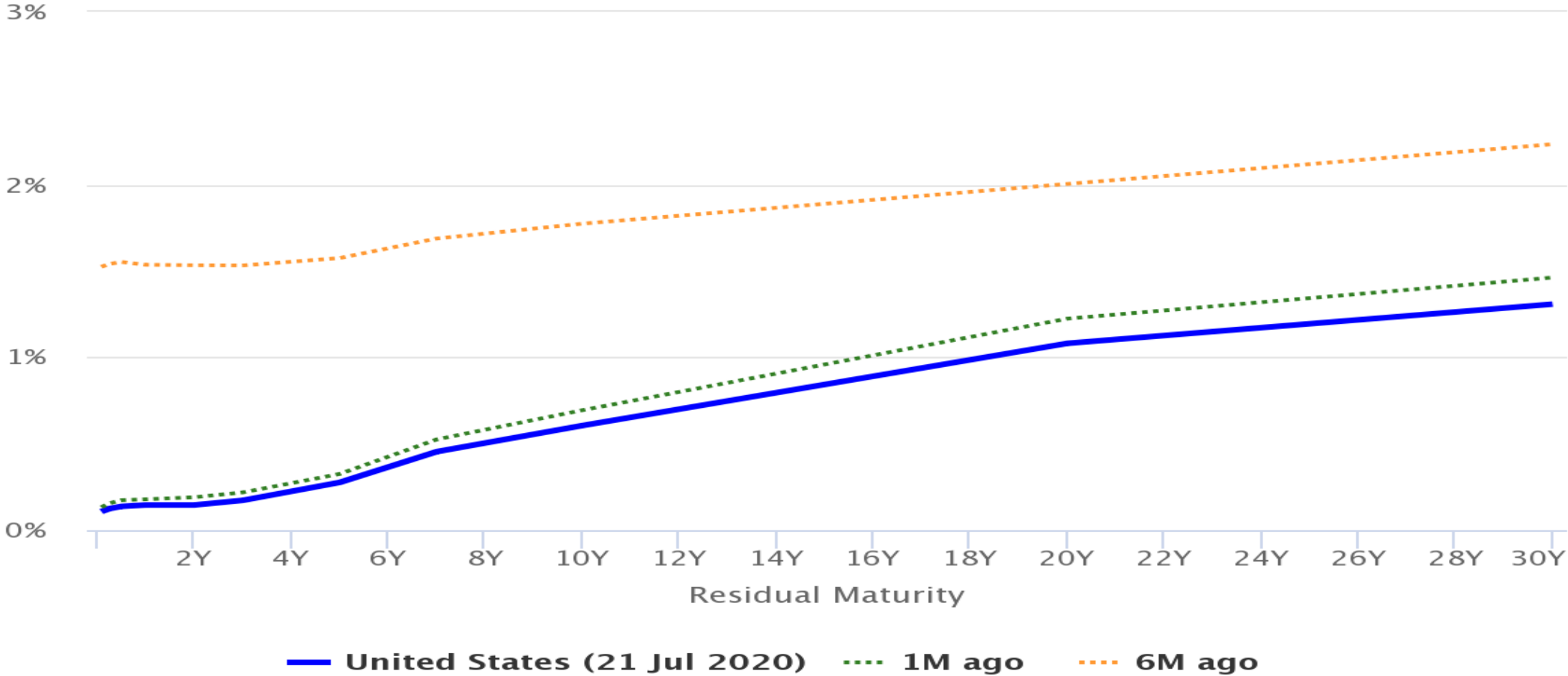
# Treasury Yield Curve





# United States Yield Curve – 21 Jul 2020

United States Government Bonds




Highcharts.com

# MUNICIPAL / TREASURY YIELD COMPARISON

	7/13/2020		4/13/2020		7/15/2019	
	AAA	Treasury	AAA	Treasury	AAA	Treasury
	GO	Gross	GO	Gross	GO	Gross
1 year	0.22	0.16	0.86	0.27	1.14	1.95
5 year	0.38	0.30	0.89	0.44	1.20	1.84
10 year	0.81	0.64	1.10	0.76	1.58	2.09
20 year	1.33	1.11	1.74	1.19	2.08	2.39
30 year	1.53	1.33	1.93	1.39	2.28	2.61

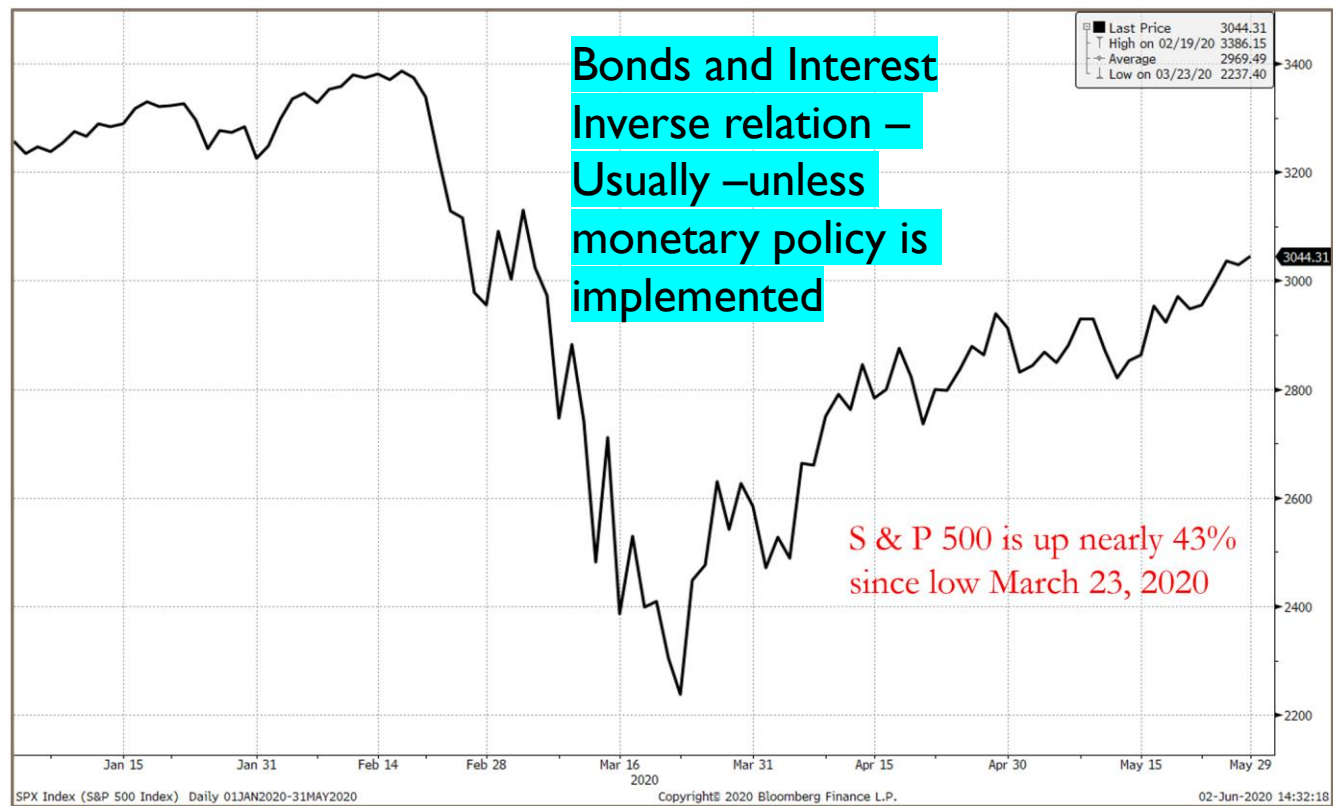
# Credit Ratings – S&P, Fitch & Moody's

	S&P	Fitch	Moody's	
High Grade	AAA	AAA	Aaa	
	AA+	AA+	Aa1	
	AA	AA	Aa2	
	AA-	AA-	Aa3	
Upper Medium Grade	A+	A+	A1	
	A	A	A2	
	A-	A-	A3	
Lower Medium Grade	BBB+	BBB+	Baa1	
	BBB	BBB	Baa2	
	BBB-	BBB-	Baa2	
				Investment Grade

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

# S&P 500 PRICE SINCE JANUARY 1, 2020

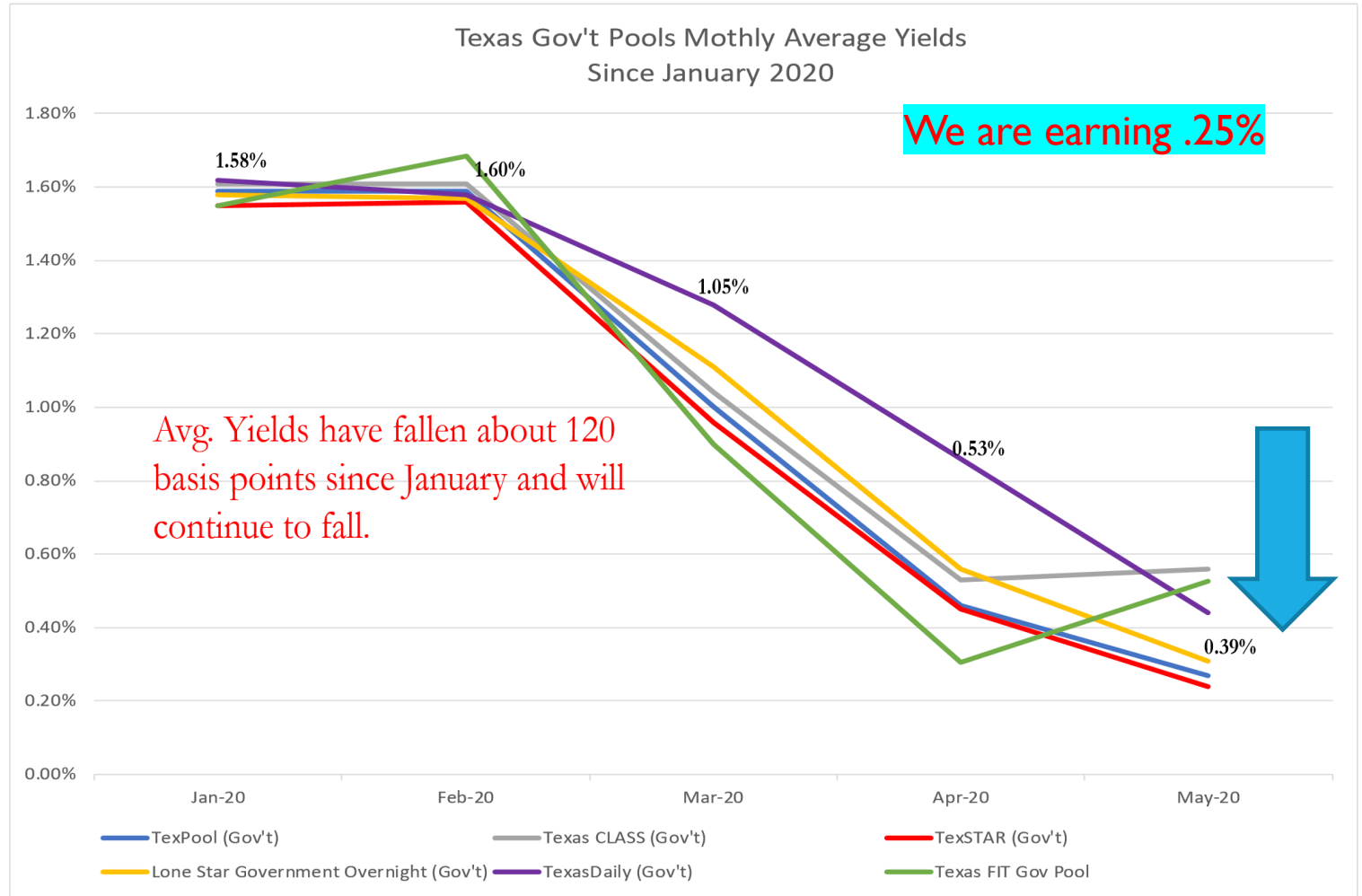
## S&P 500 IMPACT



# IMPACT ON INVESTMENTS

Covid 19 Impact

## IMPACT ON GOV'T POOLS (LGIPs)



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QUESTION  
PAUSE

BIO BREAK



# 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.
- Adding \$1,500,000 for Adult Ed Renovation

**NEW Total**

**\$15,873,000**





# SAMPLE MAINTENANCE NOTES

draft

## BOND PRICING

Harris County Department of Education  
Maintenance Tax Notes, Series 2020

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Premium (-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

**SAMPLE  
MAINTENANCE  
NOTES**  
DRAFT

BOND PRICING

Harris County Department of Education  
Maintenance Tax Notes, Series 2020

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Premium (-Discount)
Bond Component:							
	02/15/2027	750,000	4.000%	1.040%	118.211		136,582.50
	02/15/2028	785,000	4.000%	1.170%	119.939		156,521.15
	02/15/2029	810,000	4.000%	1.290%	121.446		173,712.60
	02/15/2030	840,000	4.000%	1.440%	122.374		187,941.60
	02/15/2031	870,000	4.000%	1.590%	120.911 C	1.783%	181,925.70
	02/15/2032	915,000	4.000%	1.740%	119.470 C	2.070%	178,150.50
	02/15/2033	950,000	4.000%	1.840%	118.520 C	2.274%	175,940.00
	02/15/2034	990,000	4.000%	1.880%	118.142 C	2.405%	179,605.80
	02/15/2035	1,025,000	4.000%	1.930%	117.672 C	2.526%	181,138.00
	02/15/2036	1,060,000	4.000%	1.970%	117.297 C	2.625%	183,348.20
	02/15/2037	1,105,000	4.000%	2.020%	116.831 C	2.719%	185,982.55
	02/15/2038	1,150,000	4.000%	2.060%	116.460 C	2.797%	189,290.00
	02/15/2039	1,200,000	4.000%	2.100%	116.090 C	2.867%	193,080.00
	02/15/2040	1,245,000	4.000%	2.140%	115.721 C	2.931%	195,726.45
		13,695,000					2,498,945.05

Dated Date 09/01/2020  
 Delivery Date 09/30/2020  
 First Coupon 02/15/2021

## 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.



# SAMPLE PFC BOND

**draft**

## BOND PRICING

Harris County Department of Education  
Lease Revenue Bonds, Series 2020

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Premium (-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 .25%.

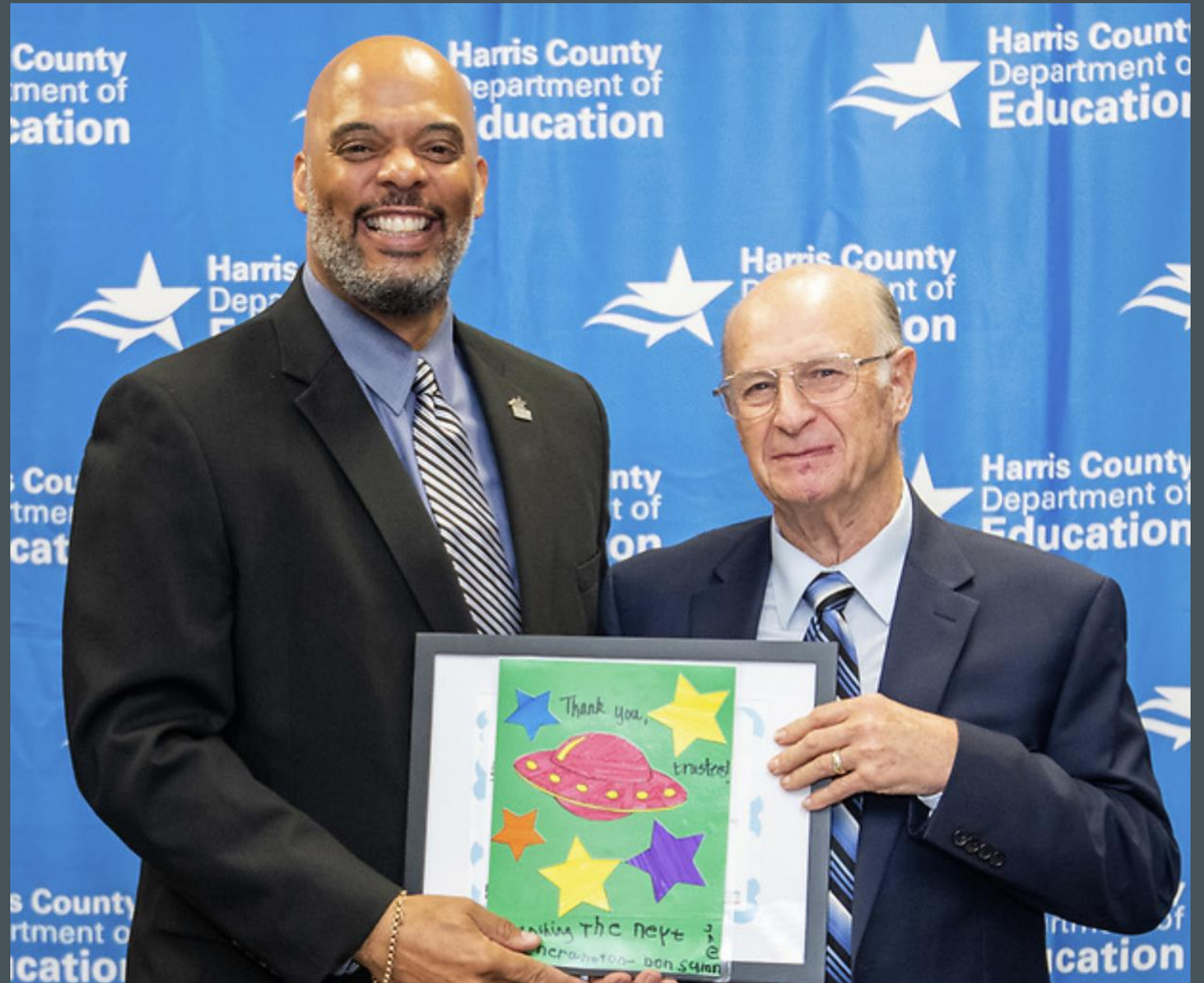


CAPITAL  
IMPROVEMENT  
PLAN – PHASE ONE

\$50,946,770

PLUS \$1,500,00

\$52,446,770



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QUESTION  
PAUSE





## FINANCING TIMELINE

- The PFC timeline is as follows:
- June – Feasibility Committee
- June – Board Update
- July - Feasibility Committee Update
- August Board Approval – and Public Notice Approval & Resolutions Approval
- October Negotiated Sale
- November– 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

MARCH					
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	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	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			


  

AUGUST					
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				

# TIMELINE

## 60 DAY NOTICE REQUIRED

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

<u>Date</u>	<u>Action</u>	<u>Responsibility</u>
8/3	<b>PFC Board Meeting</b> – Approve moving forward Projects, Notes and LR Bond transactions and approval of the 60-Day Notice and other related matters	HCDE, PFC, FA, BC
8/3	<b>HCDE Special Board Meetings</b> - Approve moving forward Projects, Notes and LR Bond transactions and approval of the 60-Day Notice and other related matters	HCDE, PFC, FA, BC
8/6	Request information for the offering documents from the HCDE	FA
8/10 	Publish required 60-day Notice (published on ____/20)	BC
8/19	Receive information from the HCDE for the offering documents	HCDE
8/21	Distribute RFP for underwriting services	FA
8/31	Due date for RFP for underwriting services	FA
9/2	Underwriter selection	HCDE, FA
9/3	Submit first draft of offering documents to working group	FA
9/3	Rating package to rating agency	FA
9/14	Receive comments from working group	HCDE, BC
9/15-16	Rating agency meeting/conference call	HCDE, FA
9/16	Submit second draft of offering documents to working group	FA
9/23	Comments on documents due from working group	HCDE, BC
9/25	Submit final draft of offering documents to working group	FA
9/29	Due diligence call	HCDE, FA, BC
10/1	Receive final comments from working group	HCDE, BC
10/5	Receive ratings	HCDE, FA

# TIMELINE

## NEGOTIATED SALE POTENTIAL CLOSING 11/17/2020

<u>Date</u>	<u>Action</u>	<u>Responsibility</u>
10/5	Print and distribute offering documents	HCDE, FA, BC
10/5	Agenda language and draft bond documents to the working group	BC
10/9	Notice – Day 60	
<b>10/15</b>	<b>Pricing/Bids Due – Maintenance Tax Notes and LR Bonds</b>	FA, P
<b>10/15</b>	<b>Special 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</b>	PFC, HCDE FA, BC
10/21	Submit final transcript to Attorney General	BC
10/22	Print and distribute final offering documents	FA
11/10	Prepare closing memorandum	FA
11/16	Pre-closing	BC, FA, P
11/17	Closing	HCDE, PFC, FA, BC, P

### *Financing Team Members:*

- HCDE- Harris County Department of Education
- PFC - HCDE Public Facility Corporation
- FA - Financial Advisor – USCA Municipal Advisors LLC
- BC - Bond Counsel – Orrick, Herrington & Sutcliffe LLP
- P - Purchasers/Underwriters – 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

**UPDATED**

## Debt Service Analysis

Fiscal Year Ending	Taxable Assessed Valuation	Lease Revenue Bonds						Maintenance Tax Notes										District Contribution	TOTAL COMBINED DEBT SERVICE	Tax Year
		Interlocal Contract Revenues Available	Outstanding Series 2014 Debt Service	Outstanding Series 2015 Debt Service	Outstanding Series 2016 Debt Service	Total Outstanding LR Debt Service	\$ 30,581,882 Series 2020* Debt Service	Combined Lease Revenue Debt Service	DS Coverage (MADS)	Outstanding Series 2009A Debt Service	\$ 15,873,000 Series 2020* Debt Service	Combined M-Tax Note Debt Service	Tax Rate @ 98.00% Collections	CAPI						
2020	\$ 484,114,300,697	\$ 14,490,758	\$ 1,369,440	\$ 333,244	\$ 763,498	\$ 2,466,182	\$ -	\$ 2,466,182	5.88	\$ 451,429	\$ -	\$ 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	970,550	3,438,163	4.21	451,429	479,325.00	930,754	0.0002	-	1,074,117	3,294,800	2020			
2022	484,114,300,697	14,490,758	1,357,760	340,252	765,020	2,463,032	1,109,200	3,572,232	4.06	451,429	547,800.00	999,229	0.0002	-	1,270,261	3,301,200	2021			
2023	484,114,300,697	14,490,758	1,351,020	343,451	763,008	2,457,479	1,109,200	3,566,679	4.06	451,429	547,800.00	999,229	0.0002	-	1,264,708	3,301,200	2022			
2024	484,114,300,697	14,490,758	-	-	750,912	750,912	1,751,100	2,502,012	5.79	-	547,800.00	547,800	0.0001	-	-	3,049,812	2023			
2025	484,114,300,697	14,490,758	-	-	758,648	758,648	1,744,500	2,503,148	5.79	-	547,800.00	547,800	0.0001	-	-	3,050,948	2024			
2026	484,114,300,697	14,490,758	-	-	746,216	746,216	1,756,700	2,502,916	5.79	-	547,800.00	547,800	0.0001	-	-	3,050,716	2025			
2027	484,114,300,697	14,490,758	-	-	-	-	1,840,800	1,840,800	7.87	-	1,282,800.00	1,282,800	0.0003	-	-	3,123,600	2026			
2028	484,114,300,697	14,490,758	-	-	-	-	1,837,000	1,837,000	7.89	-	1,287,100.00	1,287,100	0.0003	-	-	3,124,100	2027			
2029	484,114,300,697	14,490,758	-	-	-	-	1,841,800	1,841,800	7.87	-	1,280,200.00	1,280,200	0.0003	-	-	3,122,000	2028			
2030	484,114,300,697	14,490,758	-	-	-	-	1,840,100	1,840,100	7.87	-	1,277,200.00	1,277,200	0.0003	-	-	3,117,300	2029			
2031	484,114,300,697	14,490,758	-	-	-	-	1,841,900	1,841,900	7.87	-	1,273,000.00	1,273,000	0.0003	-	-	3,114,900	2030			
2032	484,114,300,697	14,490,758	-	-	-	-	1,837,200	1,837,200	7.89	-	1,282,300.00	1,282,300	0.0003	-	-	3,119,500	2031			
2033	484,114,300,697	14,490,758	-	-	-	-	1,836,000	1,836,000	7.89	-	1,280,000.00	1,280,000	0.0003	-	-	3,116,000	2032			
2034	484,114,300,697	14,490,758	-	-	-	-	1,838,100	1,838,100	7.88	-	1,281,200.00	1,281,200	0.0003	-	-	3,119,300	2033			
2035	484,114,300,697	14,490,758	-	-	-	-	1,838,400	1,838,400	7.88	-	1,275,900.00	1,275,900	0.0003	-	-	3,114,300	2034			
2036	484,114,300,697	14,490,758	-	-	-	-	1,841,800	1,841,800	7.87	-	1,269,200.00	1,269,200	0.0003	-	-	3,111,000	2035			
2037	484,114,300,697	14,490,758	-	-	-	-	1,843,200	1,843,200	7.86	-	1,270,900.00	1,270,900	0.0003	-	-	3,114,100	2036			
2038	484,114,300,697	14,490,758	-	-	-	-	1,837,700	1,837,700	7.89	-	1,270,800.00	1,270,800	0.0003	-	-	3,108,500	2037			
2039	484,114,300,697	14,490,758	-	-	-	-	1,840,200	1,840,200	7.87	-	1,273,800.00	1,273,800	0.0003	-	-	3,114,000	2038			
2040	484,114,300,697	14,490,758	-	-	-	-	1,840,500	1,840,500	7.87	-	1,269,900.00	1,269,900	0.0003	-	-	3,110,400	2039			
2041	484,114,300,697	14,490,758	-	-	-	-	2,304,100	2,304,100	6.29	-	-	-	-	-	-	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	484,114,300,697	14,490,758	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2047			
<b>Total &gt;&gt;</b>			\$ 5,442,120	\$ 1,353,795	\$ 5,314,166	\$ 12,110,081	\$ 45,713,550	\$ 57,823,631		\$ 1,805,716	\$ 21,092,625	\$ 22,898,341		-	\$ 3,609,086	\$ 77,112,886				

\* Project fund amounts are shown in columns above. Par amounts will be approximately \$27,730,000 (Lease Rev) and \$13,695,000 (Notes).

# 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

**FIRST  
DRAFT**

## Debt Service Analysis

Fiscal Year Ending	Taxable Assessed Valuation	Lease Revenue Bonds							Maintenance Tax Notes							District Contribution	TOTAL COMBINED DEBT SERVICE	Tax Year
		Interlocal Contract Revenues Available	Outstanding Series 2014 Debt Service	Outstanding Series 2015 Debt Service	Outstanding Series 2016 Debt Service	Total Outstanding LR Debt Service	\$ 30,581,882 Series 2020* Debt Service	Combined Lease Revenue Debt Service	DS Coverage (MADS)	Outstanding Series 2009A Debt Service	\$ 14,373,000 Series 2020* Debt Service	Combined M-Tax Note Debt Service	Tax Rate @ 98.00% Collections	CAPI				
2020	\$ 484,114,300,697	\$ 14,490,758	\$ 1,369,440	\$ 333,244	\$ 763,498	\$ 2,466,182	\$ -	\$ 2,466,182	5.88	\$ 451,429	\$ -	\$ 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	970,550	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	1,109,200	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	1,109,200	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	1,744,500	2,503,148	5.79	-	496,600.00	496,600	0.0001	-	-	2,999,748	2024	
2026	484,114,300,697	14,490,758	-	-	746,216	746,216	1,756,700	2,502,916	5.79	-	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	7.87	-	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	7.87	-	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	7.86	-	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	7.89	-	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	7.87	-	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	7.87	-	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	6.29	-	-	-	-	-	-	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	484,114,300,697	14,490,758	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2047	
<b>Total &gt;&gt;</b>			<b>\$ 5,442,120</b>	<b>\$ 1,353,795</b>	<b>\$ 5,314,166</b>	<b>\$ 12,110,081</b>	<b>\$ 45,713,550</b>	<b>\$ 57,823,631</b>		<b>\$ 1,805,716</b>	<b>\$ 19,129,425</b>	<b>\$ 20,935,141</b>			<b>\$ 3,609,086</b>	<b>\$ 75,149,686</b>		

\* 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:

- \$15,873,000 Maintenance Notes
- \$30,581,882 PFC Bond
- \$5,740,000 General Fund Contribution
- \$251,888 Interest Earnings



## TENTATIVE IMPLEMENTATION

- November 2020 Closing
- July to September 2020 Procurement of Architect and Engineers and consultants
- September 2020 Project Assignment to Architect & Program Manager RFQ
- October 2020 to APRIL 2021– Plan Design and Completion
- April 2021 to July 2021– Procurement of Construction Projects
- Aug 2021 to January 2023 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)

	Sq Footage	(b)	Projected Maint. 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 already 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
- Amend the budget
- Continue with projects



## QUESTIONS AND FEEDBACK?

- Thank you.
- James Colbert Jr. Superintendent
- Dr. Jesus Amezcua, CPA, RTSBA,  
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