

STATE OF COLORADO  
DEPARTMENT OF THE TREASURY

**Dave Young**  
State Treasurer



**Eric Rothaus**  
Deputy Treasurer

May 27, 2020

District Information

Dear Superintendent {Name}

I'm writing to let you know that for the upcoming fiscal year, the Colorado State Treasury will once again offer an interest-free cash flow loan program for school districts that have cash flow deficits during the year and that qualify for participation in the program under CRS 29-15-112 and 22-54-110.

While your district did not participate in the program this past fiscal year (your district did not borrow funds from the State Treasurer's Office), your cash flow needs for the upcoming 2020-21 fiscal year may have changed.

Treasury is authorized by statute to issue Education Tax and Revenue Anticipation (ETRANS) Notes, which fund the interest-free loans to qualifying school districts experiencing cash flow deficits. The statute stipulates that the repayment of the principal portion of these Notes is to be secured by a pledge of each participating district's general fund property taxes. The loan is to be repaid by the end of the fiscal year. In other words, these loans work like "bridge loans" to help school districts with cash flow deficits that typically occur during the first seven months of the school year, and are repaid once property tax revenues accrue later in March through June. The fact that these loans are interest-free to school districts makes them quite appealing.

**As you are aware, the COVID-19 pandemic, and its consequences, has had a serious adverse impact on economic and financial systems at businesses and local governments throughout Colorado. Among the most immediate impacts for school districts are: 1) delayed passage of the school finance act, the basis for the revenue side of a district's cash flow, and, 2) the deferral of some property tax collections until late June, which could have an adverse impact on a district's beginning cash position.**

**Until these two items come into better focus, both factors will cause challenges in properly sizing the initial FY 20/21 ETRANS issuance. As such, we expect that there will be a modest delay (approximately two weeks) in attaining the necessary district cash flow spreadsheet from districts (anticipated on July 1) so that the ETRANS issuance can be sized properly for district cash flow deficits that may occur from July 2020 until mid-January 2021.**

**Our intention is to close on the issuance by July 29, having borrowed funds before month-end July payroll occurs. If this timing would be a problem for your district please inform us as soon as possible, so, if the need arises, alternative short term (bridge) financing to solve a cash flow problem, can be arranged.**

(303) 866-2441

State Capitol  
200 E. Colfax Ave. Room 140  
Denver, Colorado 80203

FAX (303) 866-2123

RBC Capital Markets has been reappointed to serve as the financial advisor to the State of Colorado Department of the Treasury on the Interest-free Loan Program and the Education Tax and Revenue Anticipation Notes for the upcoming 2020-21 fiscal year. If your district is considering participation in the program this coming year, I encourage you to consult with your financial and/or municipal, legal, accounting, tax and other advisors, as applicable, regarding the cash flow loan program.

As a possible participant I want to share that your Board of Education must pass a resolution authorizing participation, complete a disclosure questionnaire, and on an ongoing basis, submit a cash flow worksheet. **Due to this year's delayed schedule, it will be necessary to approve your BOE resolution during July. At this point, we are anticipating a sale date of Wednesday, July 22, and we must have participating district resolutions in place BEFORE that date.**

If your district intends to utilize the program again during the 2020-21 fiscal year, I ask, as a first step, that a district official, preferably the person directly responsible for providing periodic information to the Treasurer or Financial Advisor each month, confirm that decision by emailing or calling the financial advisor to the State, RBC Capital Markets, at the email addresses or phone numbers listed below **on or before Wednesday June 10, 2020.**

Dan O'Connell	303-595-1222	dan.oconnell@rbccm.com
Rudy Andras	303-595-1213	rudy.andras@rbccm.com

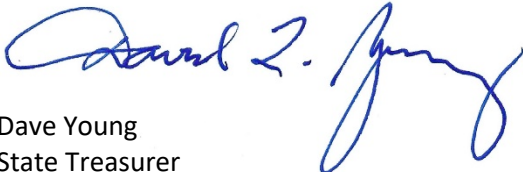
If your district desires to be a program participant, RBC Capital Markets, as the financial advisor to the State, will forward to you all necessary materials for participation in the program.

In addition to RBC's support, my Treasury staff and I stand ready to provide any assistance you may require.

Should you decide to participate in this program, we encourage you or a designated district person to work closely with my office and the State's financial advisor on the cash flow monitoring process so that your district's cash flow needs are met at the most timely manner to the District, which provides the lowest cost to the State of Colorado.

In closing, I hope you will consider if the ETRANS program can be helpful to your district. If your district chooses to participate, I look forward to working with you to help address the district's cash flow needs.

Sincerely,

  
Dave Young  
State Treasurer