

STATE OF COLORADO  
DEPARTMENT OF THE TREASURY

**Dave Young**  
State Treasurer



**Eric Rothaus**  
Deputy Treasurer

May 27, 2020

«Title» of Schools  
«Mailing\_School\_District»  
«Address1»  
«CSZ»

Dear Sir or Madam:

I'm writing to let you know that for the upcoming fiscal year, the Colorado State Treasury will once again offer its 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. Your district participated in this interest-free program for the 2019-2020 fiscal year.

**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.**

Treasury is authorized by statute to issue Tax and Revenue Anticipation (ETTRANS) Notes, which fund the interest-free loans to qualifying school districts experiencing cash flow deficits. The statute also 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, and that the loan will be repaid by the end of the fiscal year.

(303) 866-2441

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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 again 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 participating district, I want to remind you that the 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 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

Once your district responds, RBC Capital Markets will then forward a draft resolution, disclosure questionnaire and cash flow worksheet on behalf of the State to the District official with whom we have been corresponding via email during this past year.

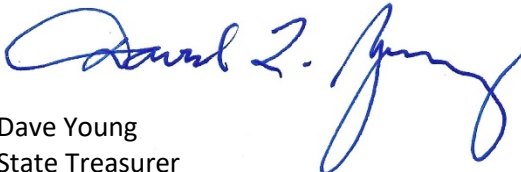
In addition to RBC's support, my Treasury staff and I stand ready to provide any assistance you may require.

These challenging times reinforce the importance of accurately monitoring school district cash flows to ensure adequate and timely disbursement of funds. Our ongoing review of this program shows that enhanced monitoring and timely disbursements of funds saves the State a substantial amount in interest costs.

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, if your district chooses to participate in the program in the coming year, I look forward to working with you and your district to help address the district's cash flow needs.

Sincerely,

  
Dave Young  
State Treasurer