

**EXECUTIVE SUMMARY**  
**Resolution No. 20-107 – Revenue Anticipation Notes, Series 2020**

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This item for Revenue Anticipation Notes, Series 2020 (RANs) is being brought before the Board as a companion to the Certificates of Participation (COPs), Series 2020A Resolution No. 20-106 on the March 31, 2020 emergency board meeting agenda. The relationship of these two (2) items is further explained below.

With the advent of the Corona Virus pandemic (COVID-19) causing panic and uncertainty throughout the United States, havoc is occurring in the financial markets. Market uncertainty creates volatility, and as a pre-emptive move the Federal Reserve cut the federal funds rate to .25 percent to calm investors and markets (a month ago it was 1.75%). The move by the Feds caused further anxiety in the market. Since COVID-19 has been in the forefront, the stock market has been erratic, spiking highs and lows, reacting to current events and the media. Federal and local governments are mandating social distancing, restriction of flights and travel, postponing and cancelling all types of events and social gatherings, which, in turn, has caused many establishments and industries to close and, in a domino effect causing a multitude of layoffs. These preventive measures are a recipe for a potential downturn in our economy. The severity of the effect of these measures taken is yet to be determined.

Today, the bond market is somewhat non-existent as a result of COVID-19. We are targeting late April or early May to sell the COPs, Series 2020A. Based on today's market we have concerns that issuing the COPs during that time frame may not be financially optimal and beneficial to the District. This paradigm may cause a timing issue with the funding, meaning that we do not know when the market will normalize to issue said bonds. This may take several weeks and may jeopardize the funding needed for the continuity and completion of capital projects. Based on the last financial collapse, the great recession that occurred in 2008, it took more than a month for the bond market to normalize. We are hoping that this scenario plays out in a similar fashion once COVID-19 is under control. However, currently it is unpredictable.

Prudence requires that we plan accordingly and, based on strategic meetings with the finance staff, financial advisors (PFM) and bond counsel (Greenberg Traurig), it was determined that the best course of action is to issue Revenue Anticipation Notes (RANs) if the bond market is not normalized. RANs are basically a short-term note (one (1) year or less) that will be repaid when the District issues the COPs, Series 2020A bonds. The District is familiar with RANs, which were last issued in 2000.

The RANs will provide the necessary funding until the permanent COP financing is completed. RANs also provide flexibility and optimization since they provide options to sell the notes in the open market or allow them to be placed with a financial institution as a private placement.

Therefore, Finance Staff, Financial Advisors and Bond Counsel are recommending the flexibility to issue RANs as an interim financing vehicle and ensure the continuity of existing capital projects is maintained in case the bond market becomes unfavorable to issue the COPs, Series 2020A.