



## THE OHIO TREASURER'S COVID-19 COMMUNITY RESPONSE INITIATIVE

*COVID-19 has brought on no shortage of new challenges for local governments across Ohio, including unexpected revenue shortfalls. Recent deadline extensions for state income tax payments and certain county property tax payments may present temporary cash flow challenges at the local level.*

The issuance of tax anticipation notes is one option available to local governments, including school districts, to ease liquidity strain, allowing them to accelerate fiscal year cash flows and address temporary shortfalls caused by delayed revenue.

To make access to capital markets both easier and cheaper, the Treasurer's office has introduced the **COVID-19 Community Response Initiative** to sponsor a pooled short-term note issuance for all local governments wishing to participate.

**Most importantly, the COVID-19 Community Response Initiative may provide local governments with much-needed interest cost savings in comparison to other debt issuance options.**

### ***BENEFITS OF THE COVID-19 COMMUNITY RESPONSE INITIATIVE:***

- **Cost of Borrowing** – Participating entities can leverage the State of Ohio's short-term credit rating to ensure market access and the lowest interest rate available.
- **Economies of Scale** – The program's pooled nature spreads issuance costs across all participants, thereby easing the burden for an individual community.
- **Administrative Ease** – Program participants will be freed from having to manage the borrowing process or interact with rating agencies. Local governments must only apply and provide necessary legal approvals to issue their note.

### ***PROGRAM MECHANICS:***

- Interested entities must submit an application to participate. The Treasurer's office and the program's advisors will guide applicants through the program's streamlined use procedures.
- Participants sell notes to a Trust. The Trust, established as a pooling mechanism, will publicly issue a security to fund the purchase of the notes.
- After closing, the Trustee will wire the proceeds to the respective participants' bank accounts.
- At maturity, the participants make payments to the Trustee to repay the principal and interest due on the notes.
- If a participant is unable to retire its note, the Treasurer's office will purchase the note from the Trust. Should this occur, the Treasurer's office can apply to the county auditor to intercept subsequent property tax distributions to retire the note.
- Upon full funding, the Trustee will redeem the publicly issued security.

### ***ADDITIONAL INFORMATION AND TIMING:***

- Participants can sell notes with maturities of up to one year with the borrowing and repayment occurring within the same fiscal year.
- Borrowing limits differ depending on whether the note is taxable or tax-exempt.
- Applications to participate in the COVID-19 Community Response Initiative are due by June 26, 2020.
- Note proceeds are expected by the week of July 20, 2020.
- A subsequent cash flow borrowing transaction could be scheduled for later this year or next.



For more information, please contact the Ohio Treasurer's office at [COVID19Response@tos.ohio.gov](mailto:COVID19Response@tos.ohio.gov).