

# CASE STUDY

FINANCING FOR PENSIONS | NOVEMBER 19, 2021



**\$301,835,000 | GO PENSION BONDS | SERIES 2021**

City of Brockton, Massachusetts

## PENSION BONDS

### Client Profile

Brockton, Massachusetts, is an industrial-residential city located in Plymouth County, 20 miles southwest of Boston. The City has a population of approximately 105,643 and occupies a land area of 21.4 miles. The City is governed by an elected mayor and an 11-member City Council.

At issuance, the Pension Bonds were the largest deal and largest pension bond issuance ever sold by a city or town in Massachusetts.

### The Project & Structure

Stifel served as lead manager on the City's pension bonds. The proceeds were used

for funding the City's nearly \$300 million pension UAAL. The Bonds were rated 'AA-' (S&P) and 'A1' (Moody's).

The debt service was wrapped around the City's 2005 pension bonds and structured against the scheduled Unfunded Actuarial Accrued Liability (UAAL) payments to the Retirement Fund. The Bonds were structured as serials from 2022-2035, with a 10-year par call.

In an effort to remain as conservative as possible, the City allocated \$20 million of cash to fund a Contingency Reserve Fund and pledged an additional \$5 million in cash annually from savings from the issuance until reaching a fund level of \$40 million. The fund will be used to protect against actuarial and market risk.

### Pricing Results

In addition to an online investor roadshow, sales point memo, and sales force teach-in, Stifel bankers held the first in-person investor roadshow since the onset of COVID-19. The roadshow was extremely well received and the CFO and Mayor of Brockton joined Stifel to meet one-on-one with investors. The in-person roadshow increased the attention around the sale and drove demand.

Despite a volatile Treasury market, the Bonds were 4.5x oversubscribed. Insurance and bond fund accounts were the greatest investor participants in the sale. Due to the strong demand, Stifel tightened spreads 8-11 bps in each maturity from price views to final pricing, resulting in a TIC of 2.63% and expected PV savings of \$90.1 million.

## CONTACT

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