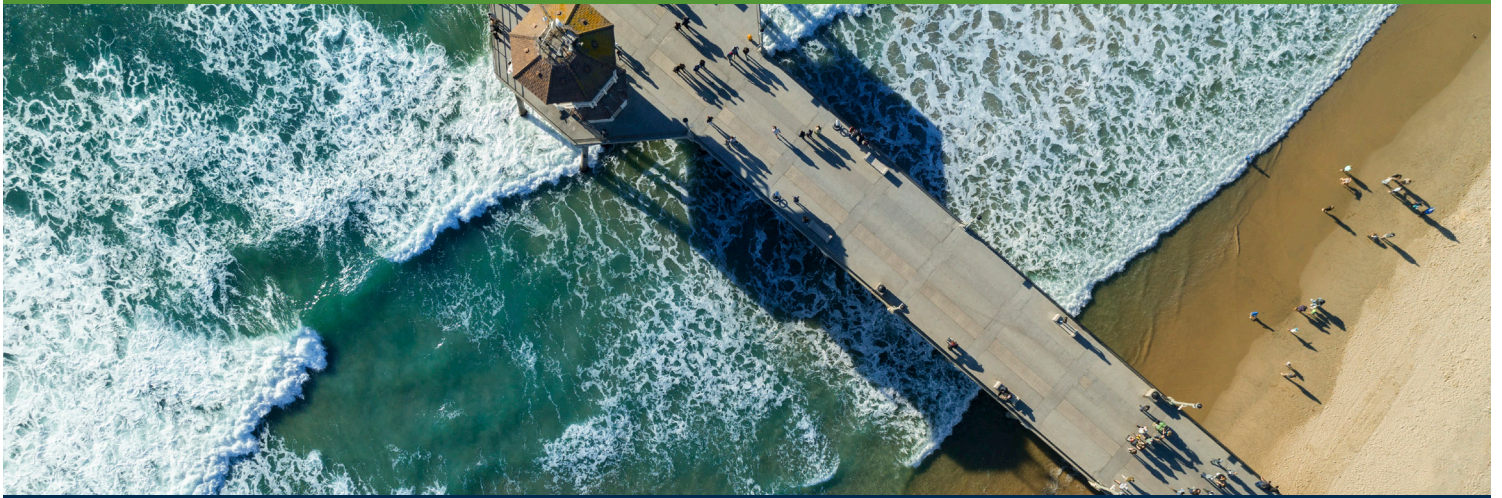


# CASE STUDY

**FINANCING FOR PENSIONS** | APRIL 1, 2021



**\$363,645,000 | TAXABLE PENSION BONDS | SERIES 2021**

City of Huntington Beach, California

## PENSION BONDS

### Client Profile

Huntington Beach is a seaside city in Orange County, California, with a population of just under 200,000, making it the fourth most populous city in the county. The City adjacent to the Cities of Costa Mesa, Fountain Valley, Newport Beach, Seal Beach and Westminster and is approximately 40 miles southeast of Los Angeles and 90 miles northwest of San Diego.

Prior to the bond issuance, the City had a total Unfunded Actuarial Liability of \$435 million and a funded ratio of 69%, with payments to peak in 2031.

### The Project & Structure

Stifel served as lead manager for the City of Huntington Beach Pension Obligation Bonds. The Bonds were issued to pay a portion of the City's unfunded accrued liability to the California Public Employees Retirement System, which resulted in an 85% funded ratio. The Bonds were rated "AA+" by both S&P and Fitch.

The issue was structured with serial bonds through 2036 and two term bonds maturing in 2040 and 2044. The payments were structured as level and matching the existing amortization schedule of each pension plan.

The Bonds are secured by any legally available funds, including Pension Tax Override revenues, which represent approximately \$7 million annually (roughly 25% of the projected debt service).

### Pricing Results

Investor participation was exceptional, with nearly \$1.2 billion in orders (3.3x subscription) from 62 orders that included a mix of municipalities, insurance companies, SMAs, banks and bond funds. Ultimately, the Bonds achieved a TIC of just 2.92% for this 23-year debt with an average life of 12.9 years.

## CONTACT

**John Kim, Managing Director**  
**(213) 443-5203 | [jkim@stifel.com](mailto:jkim@stifel.com)**  
2121 Avenue of the Stars, Suite 2150  
Los Angeles, California 90067

**STIFEL** | Public Finance

Stifel, Nicolaus & Company, Incorporated | Member SIPC & NYSE | [www.stifel.com](http://www.stifel.com)

0525.7944214.2

# MSRB DISCLOSURES



Stifel, Nicolaus & Company, Incorporated (“Stifel”) has prepared the attached materials. Such material consists of factual or general information (as defined in the SEC’s Municipal Advisor Rule). Stifel is not hereby providing a municipal entity or obligated person with any advice or making any recommendation as to action concerning the structure, timing, or terms of any issuance of municipal securities or municipal financial products. To the extent that Stifel provides any alternatives, options, calculations, or examples in the attached information, such information is not intended to express any view that the municipal entity or obligated person could achieve particular results in any municipal securities transaction, and those alternatives, options, calculations, or examples do not constitute a recommendation that any municipal issuer or obligated person should effect any municipal securities transaction. Stifel is acting in its own interests, is not acting as your municipal advisor, and does not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, to the municipal entity or obligated party with respect to the information and materials contained in this communication.

Stifel is providing information and is declaring to the proposed municipal issuer and any obligated person that it has done so within the regulatory framework of MSRB Rule G-23 as an underwriter (by definition also including the role of placement agent) and not as a financial advisor, as defined therein, with respect to the referenced proposed issuance of municipal securities. The primary role of Stifel, as an underwriter, is to purchase securities for resale to investors in an arm’s-length commercial transaction. Serving in the role of underwriter, Stifel has financial and other interests that differ from those of the issuer. The issuer should consult with its own financial and/or municipal, legal, accounting, tax, and other advisors, as applicable, to the extent it deems appropriate.

These materials have been prepared by Stifel for the client or potential client to whom such materials are directly addressed and delivered for discussion purposes only. All terms and conditions are subject to further discussion and negotiation. Stifel does not express any view as to whether financing options presented in these materials are achievable or will be available at the time of any contemplated transaction. These materials do not constitute an offer or solicitation to sell or purchase any securities and are not a commitment by Stifel to provide or arrange any financing for any transaction or to purchase any security in connection therewith and may not be relied upon as an indication that such an offer will be provided in the future. Where indicated, this presentation may contain information derived from sources other than Stifel. While we believe such information to be accurate and complete, Stifel does not guarantee the accuracy of this information. This material is based on information currently available to Stifel or its sources and is subject to change without notice. Stifel does not provide accounting, tax, or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal, or other implications that should be discussed with your advisors and/or counsel as you deem appropriate.